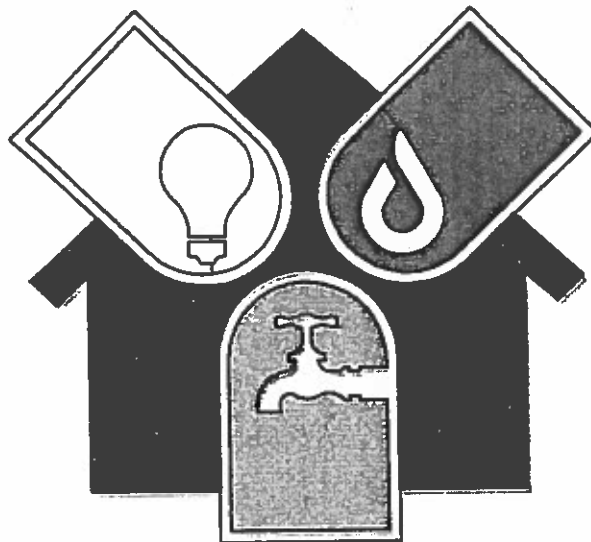


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# ILLINOIS COMMERCE COMMISSION



**ANNUAL  
REPORT**

**ON ELECTRICITY, GAS,  
WATER AND SEWER  
UTILITIES**

**2017**



## ILLINOIS COMMERCE COMMISSION

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January 31, 2018

The Honorable Bruce Rauner  
Governor

The Honorable Members of the Joint Committee on Legislative Support Services

Dear Governor Rauner and Members of the Joint Committee:

We are pleased to submit to you the Commission's 2017 Annual Report on Electricity, Gas, Water, and Sewer Utilities. This Report covers the period of January 1, 2017 through December 31, 2017.

The Annual Report is submitted in compliance with the Public Utilities Act and specifically addresses the items cited in Section 4-304 of that Act, which requires the Commission to report on the following subjects: a general review of agency activities; a discussion of the utility industry in Illinois; a discussion of energy planning; the availability of utility services to all persons; implementation of the Commission's statutory responsibilities; appeals from Commission orders; studies and investigations required by state statutes; impacts of federal activity on state utility service; and recommendations for proposed legislation.

Among other Commission reports provided to the Governor and General Assembly each year are the following:

- Annual Report on Telecommunications Markets in Illinois
- Annual Report on Cable and Video Service Deployment by Providers Granted State Issued Cable and Video Service Authorization
- Annual Report on the Transportation Regulatory Fund
- Annual Report on Accidents / Incidents Involving Hazardous Materials on Railroads in Illinois
- Crossing Safety Improvement Program
- Office of Retail Market Development Annual Report

Additional information about the Commission and its activities is available from the Commission's web site listed on the following page.

Sincerely,

A handwritten signature in black ink, reading "Brien J. Sheahan".

Brien J. Sheahan  
Chairman

## TABLE OF CONTENTS

Year in Review	
Introduction	
Mission Statement	
Commission Organization	

1. General Review of Agency Activities .....	1
Review of Significant Commission Decision.....	3
Pending Case.....	3
Significant Regulatory Actions.....	3
eDocket.....	4
Utility Cases Filed During 2017 .....	5
Commission Budget and Personnel.....	6
Agency Organization and Administration.....	7
2. A Discussion of the Utility Industry in Illinois.....	9
Developments in the Illinois Regulatory Environment.....	11
Electric Power Procurement Obligations .....	11
Retail Electric Choice .....	12
Availability of Services by Geographic Area.....	13
Electricity.....	13
Natural Gas.....	15
Water and Sewer Utilities.....	17
Financial Health of the Utility Industry.....	20
3. A Discussion of Energy Planning.....	23
Electricity Planning and Procurement .....	25
Renewable Energy and Clean Coal Portfolio Standards.....	26
Distributed Generation.....	27
Cogeneration.....	28
Energy Efficiency Programs .....	28
4. The Availability of Utility Services to all Persons.....	31
Programs Designed to Promote the Affordability of Utility Services.....	33
The Financial Impact of Uncollectible Expenses.....	35
Consumer Education Activities .....	35
5. Implementation of the Commission's Statutory Responsibilities.....	37
Commission Reorganization.....	39
Construction and Rate Supervision.....	39
Construction Audits.....	39
Management Audits.....	40
Excess Capacity Used and Useful.....	40
Rate Moderation Plan.....	40
Cost-Based Rates.....	40

	Mergers.....	41
	Asset Transfers or Sales.....	42
	Informational Filings.....	42
	Decommissioning.....	42
	Promulgation of Ex Parte Rules.....	42
6.	Appeals from Commission Orders.....	43
	Appeals Involving Public Utilities.....	45
	Appeals Dismissed in 2017 .....	45
	Appeals Decided in 2017.....	47
7.	Studies and Investigations Required by State Statutes.....	51
	Adoption of Solar Photovoltaic Systems.....	53
	Emission Allowance Reports .....	53
	Estimated Billing Practices .....	53
	Temporary Rate Increase .....	53
	Study of CWIP .....	53
	Rulemaking for Cancellation Costs.....	53
	Evaluation of the Fire Protection Charge .....	54
	Economic Development Program .....	54
	Investigation of Peoples Gas Light & Coke Company's Accelerated Main Replacement Program.....	54
	Electric Energy Efficiency and Demand Response.....	54
	Illinois Power Agency.....	55
8.	Impacts of Federal Activity on State Utility Service.....	57
	Commission Policy and Actions in FERC Proceedings .....	59
	Developments in the Natural Gas Industry.....	59
	Developments in the Electric Power Industry.....	59
9.	Recommendations for Proposed Legislation.....	63
	Appendix A: Summary of Significant Commission Decisions.....	67
	Appendix B: Emission Allowance Reports .....	77

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312-814-2850

For any public utility service issue, for assistance, or information, or to file an informal complaint, please contact the ICC's Consumer Services Division.

Toll-free: 800/524-0795 (In Illinois only)  
800/858-9277 (TTY)

The ICC Online  
Agendas for Commission meetings, selected Commission orders, annual reports, and other information are available online from the Commission's  
Website: [www.icc.illinois.gov](http://www.icc.illinois.gov)

ICC's Electronic Docketing System  
<https://www.icc.illinois.gov/e-docket>

Plug In Illinois—Choosing an Electric Supplier  
<https://www.pluginillinois.org/>

Follow the Illinois Commerce Commission on  
Twitter @ILCommerceComm

## ILLINOIS COMMERCE COMMISSION YEAR IN REVIEW 2017

### January

Governor Bruce Rauner appointed Sadzi Martha Oliva to a five-year term as ICC Commissioner, making her the first Latina appointed to the Commission.

### February

The Commission adopted a resolution encouraging Regional Transmission Organizations (RTOs) to reexamine their administration of interconnection studies to avoid delaying the construction of new transmission and generation projects.

Chairman Brien Sheahan was appointed to serve as Chair of the National Association of Regulatory Commissioners (NARUC) Presidential Task Force on Innovation. The Task Force promotes innovation in the utility sector through showcasing new technologies and educating state regulators on opportunities to promote innovation.

Commissioner Sherina Maye Edwards was selected as a 2017 Eisenhower Fellow to work with world leaders on the issues of renewable energy generation and gender equality.

### March

The Commission held a policy session on Innovation and Emerging Technologies for Evaluation, Measurement and Verification (EM &V) of Energy Efficiency Programs. Participants discussed how EM&V currently works in Illinois and highlighted opportunities for utilizing newly available Advanced Metering Infrastructure (AMI) data to measure energy efficiency savings.

The agency also adopted a resolution initiating "NextGrid," Illinois' utility of the future study to explore future technological advancements; utility and regulatory models; and educate policy makers on issues and challenges associated with a quickly evolving energy landscape.

Finally, the Commission announced the establishment of a new Office of Cybersecurity and Risk Management to support the ongoing efforts of regulated Illinois utilities to protect critical infrastructure from cybersecurity risk.

### April

The Commission issued its annual 5-year plan for improving public safety at rail crossings across Illinois. The Rail Crossing Safety Improvements Program prioritizes rail safety projects based on safety factors and needed improvements to rail corridors.

The agency also joined Governor Bruce Rauner in recognizing April as Safe Digging Month in Illinois, a

statewide public safety and education campaign to raise awareness about the importance of calling 811 before starting outdoor projects in order to locate underground utility lines.

### May

The Commission hosted a Summer Preparedness Policy Session to ensure Illinois electric utilities and regional transmission organizations (RTO) were prepared to meet the highest electricity demands of the year.

The agency also approved new electric rates for Mt. Carmel Public Utility Company, the first rate increase for the company since 2008. The new rates are expected to generate approximately \$1,901,561 in additional annual revenue.

### June

To encourage growth and utilization of diverse businesses within Illinois, the Commission held its fourth annual Supplier Diversity Policy Session. Illinois' public utilities are required to provide an annual report to the agency on their procurement goals and actual spending with minority, women, and veteran, and small businesses.

The Commission also hosted, "Building Smart Cities in Illinois," a policy session to discuss network technologies required to support smart cities.

The agency released a report detailing findings from the Commission's Notice of Inquiry (NOI) regarding the regulatory treatment of cloud based computing arrangements.

Over 600 members of the nation's utility industry attended the Mid America Regulatory Conference (MARC) annual meeting in Chicago. Commissioner John Rosales, who served as President of the MARC Chicago Conference, organized and chaired the conference.

### July

The Commission hosted *Illinois' Power Meter*, a policy session to assess the Impact of the Future Energy Jobs Act (FEJA) on Illinois' renewable energy market.

Fortnightly Magazine published a feature cover story highlighting the Commission as one of the most diverse regulatory utility commissions in the nation. The profile described the agency as "a diverse group navigating a dynamic time of change" in the energy industry.

The Commission hosted a press conference in partnership with utilities, the Citizens Utility Board and the Environmental Law & Policy Center to encourage use of smart thermostats for consumers to save money and energy through an available rebate.

#### August

In announcing next steps for the NextGrid: Illinois' Utility of the Future study, the Commission named the Power and Energy Systems Area of the Electrical and Computer Engineering Department at the University of Illinois at Urbana-Champaign as Lead Facilitator.

#### September

The Commission formally launched NextGrid: Illinois' Utility of the Future study. Over 650 representatives from the energy and technology industries, consumer advocates, academia, and government officials participated in a day-long launch event at UIC Forum in Chicago. Expert panelists and speakers presented their visions of how Illinois could enhance energy delivery and power for the technology and innovation revolution.

The agency also approved energy efficiency plans for Illinois' largest electric and gas utilities that will help customers reduce consumption and save money.

#### October

The Commission strengthened rules for retail electricity marketing. The new rules help ensure customers have proper information about their electricity supplier options, enabling them to compare offers and utility plans and make better-informed decisions.

The agency also hosted a Policy Session on the integration of renewable energy at the regional transmission organization level. This session served as the second installment of the *Illinois Power Meter* policy session series.

The Illinois Senate unanimously confirmed Commissioner Oliva to a 5-year term, making her the first Latina appointed to the ICC.

The agency hosted a Policy Session on Winter Preparedness to ensure Illinois' public utilities were prepared to handle the peak energy demand associated with the winter season.

The Commission's Diversity and Inclusion Committee hosted a workshop on the Americans with Disabilities Act (ADA) and disability in the courtroom and workplace.

Commissioner John Rosales was elected President of the Organization of PJM States, Inc. (OPSI).

Commissioner Oliva was appointed to serve as on the Electric Power Research Institute (EPRI) Board of Directors.

#### November

The Commission opened a public comment period on energy resource adequacy concerns in the wake of several recent and pending Illinois power plant retirements.

#### December

The Commission adopted a resolution to create a retail market advisory committee to advance efforts to foster a healthy retail marketplace in Illinois.

The agency also approved Commonwealth Edison's (ComEd) rate request to increase electric delivery service rates by \$95.583 million annually, an increase of 3.64%, and authorized Ameren Illinois' request to decrease electric delivery rates by \$17.3 million annually, a decrease of 1.71%.

## INTRODUCTION

The following report for calendar year 2017 was prepared to meet the requirements of the Public Utilities Act (PA-84-617). Section 4-304 of this Act instructs the Illinois Commerce Commission to prepare an annual report and provide copies to the Joint Committee on Legislative Support Services of the General Assembly, the Public Counsel, and the Governor.

Nine specific sections on which the Commission is asked to report are cited in the Act. The report is therefore divided into nine main parts, as follows:

- Section 1: A general review of agency activities;
- Section 2: A discussion of the utility industry in Illinois;
- Section 3: A discussion of energy planning;
- Section 4: The availability of utility services to all persons;
- Section 5: Implementation of the Commission's statutory responsibilities;
- Section 6: Appeals from Commission orders;
- Section 7: Studies and investigations required by state statutes;
- Section 8: Impacts of federal activity on state utility service; and
- Section 9: Recommendations for proposed legislation.

For the convenience of the reader, each section is given the same number designation as the corresponding subsection of the Public Utilities Act that it addresses.

Other information about the Commission and its activities is available from the Commission's web site, [www.icc.illinois.gov](http://www.icc.illinois.gov).

During 2017, the following persons (listed alphabetically) served as members of the Illinois Commerce Commission.

Miguel del Valle

Sherina Maye Edwards

Ann McCabe

Sadzi Martha Oliva

John R. Rosales

Brien J. Sheahan



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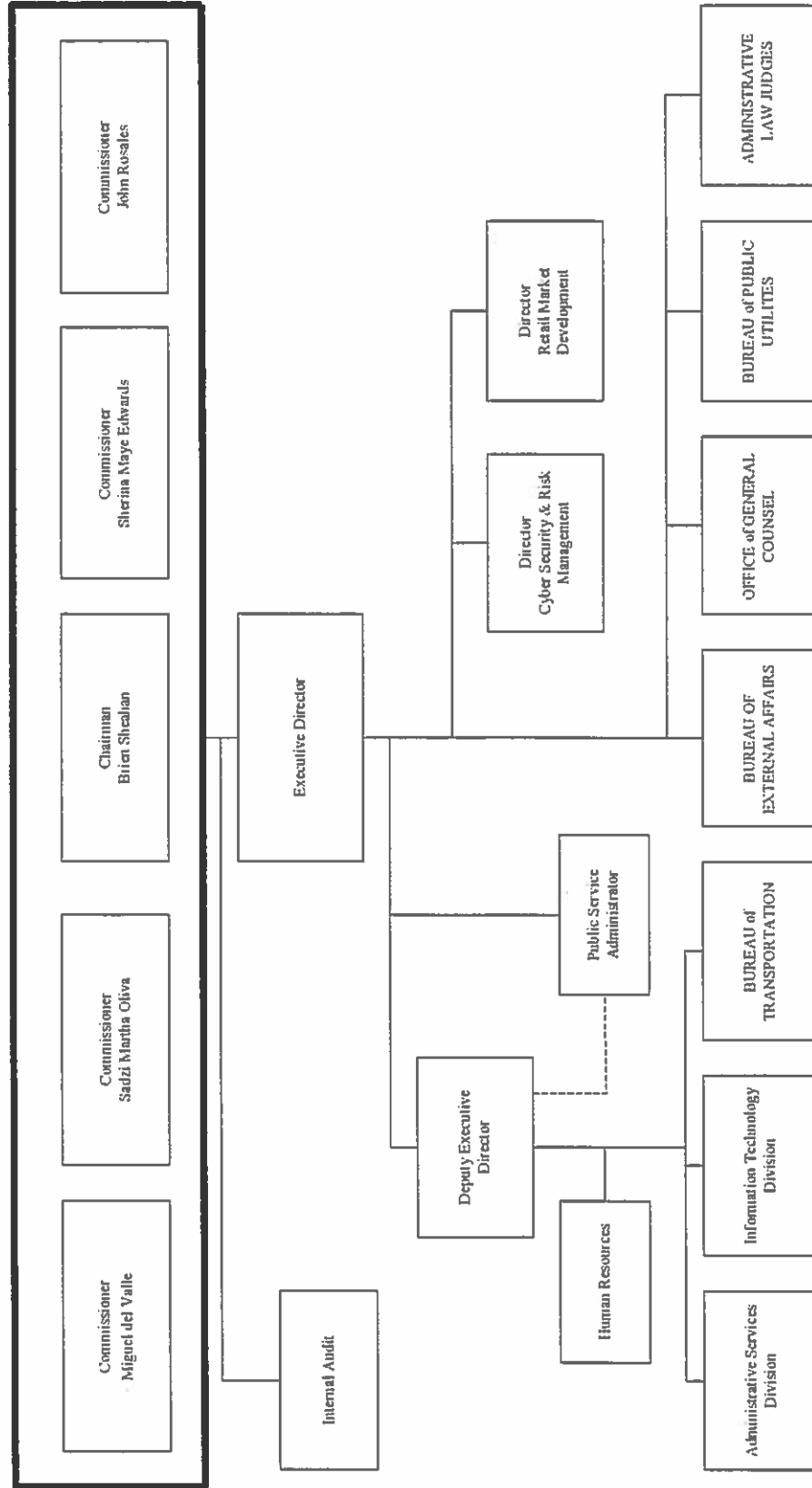
## **ILLINOIS COMMERCE COMMISSION**

### **MISSION STATEMENT**

The Illinois Commerce Commission's mission is to balance the interests of consumers and utilities to ensure adequate, efficient, reliable, safe and least-cost public utility services, while promoting the development of an effectively competitive energy supplier market.

The ICC is also directed by state law with protecting the public by overseeing certain transportation activities, including railroad safety, trucking insurance and registration, relocation and safety towing, and household goods moving companies.

# Illinois Commerce Commission



# **SECTION 1**

## **General Review of Agency Activities**

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**Public Utilities Act Section 4-304 requires:**

**(1) A general review of agency activities and changes, including:**

**(a) a review of significant decisions and other regulatory actions for the preceding year, and pending cases, and an analysis of the impact of such decisions and actions, and potential impact of any significant pending cases;**

**(b) for each significant decision, regulatory action and pending case, a description of positions advocated by major parties, including Commission staff, and for each such decision rendered or action taken, the position adopted by the Commission and reason therefore;**

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#### **REVIEW OF SIGNIFICANT COMMISSION DECISIONS**

Appendix A of this report contains summaries of significant Commission decisions made and other regulatory actions taken in 2017. These summaries are by no means exhaustive, but they do provide a representative sampling of Commission actions. If the reader would like to know more about any of the cases discussed in this report, both the Commission's order and the record for decision are available for examination in the Commission's Springfield office. In any proceeding in which the Commission has entered an order on the merits, the best summary of positions advocated and reasons for the Commission's adoption of a position is contained in the order itself.

Copies of these documents are available free of charge to public officers. Others may obtain copies upon payment of the fee established in Section 2-201 of The Public Utilities Act. Selected orders and other Commission documents may be found on the Commission's website ([www.icc.illinois.gov](http://www.icc.illinois.gov)) or in the Commission's electronic docketing system (<https://www.icc.illinois.gov/edocket>). More information about the e-Docket system follows in the next section.

#### **PENDING CASES**

As noted above, Section 4-304 of the Public Utilities Act also requires a review of pending cases, including an analysis of the potential impact and a description of positions advocated by staff and major parties. The Commission feels that it is precluded from entering into discussions of pending issues or characterizing positions advocated by staff and parties in pending cases. The dangers of acting otherwise include the possibility of violating restrictions on ex parte communications (see Section 10-103 of the Public Utilities Act and 83 Ill. Adm. Code 200.710) and the possibility of later being held to have prejudged issues pending before the Commission as of the date of this report. The Commission's record in pending cases is available for examination through the Chief Clerk's Springfield office and through the ICC's e-Docket system.

#### **SIGNIFICANT REGULATORY ACTIONS**

Significant actions taken by the Commission during 2017 are described in the summary statement, "The Year in Review," preceding this section.

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*(1-c) a description of the Commission's budget, caseload, and staff levels, including specifically:*

*(i) a breakdown of type of case by the cases resolved and filed during the year and of pending cases;*

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#### **e-DOCKET: ICC's ELECTRONIC DOCKET FILING SYSTEM**

To aid both the Commission Staff and the public at large, the Commission has developed an electronic filing, reporting, and case management system called e-Docket that is accessible on the Commission website.

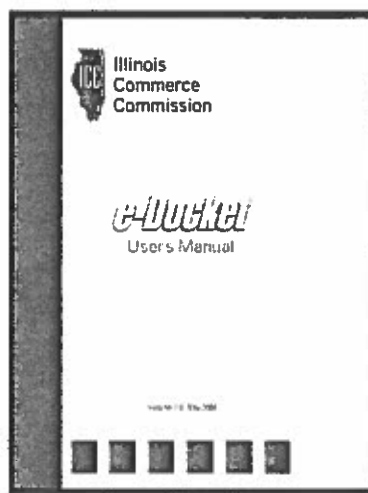
e-Docket is a Web-based, automated information and records-keeping system. It was developed to process and manage public information about the Commission's official cases and rulemaking proceedings. A person using e-Docket may conduct searches in two ways:

- **Search for cases:** permits searches by case types, service types, companies, and/or a date range as parameters.
- **Search for documents:** permits searches by document types, docket numbers, and/or a date range.

e-Docket has a variety of practical uses. Anyone interested in case proceedings conducted by the Commission may visit the e-Docket web site at <https://www.icc.illinois.gov/edocket> and view a wealth of information about active and closed cases initiated on or after January 1, 2000.

#### **e-DOCKET USERS MANUAL PROVIDES INSTRUCTIONS FOR SEARCHING FOR DOCUMENTS**

A twenty-four-page e-Docket user's manual is available on the e-Docket web site to assist viewers in finding information about cases. It is important to remember, however, that e-Docket was first used as a way to store electronic documents in January 2000. Documents created prior to January 1, 2000, were filed with the Commission in paper format only. These are available for viewing in the Commission's Chief Clerk's Office.



#### **CASES FILED DURING 2017**

Table 1-1, Utility Cases Monthly Report, on the following page shows the cases and filings for each month for the years 2014, 2015, 2016 and 2017. This table also shows the totals by type for the year.

**Table 1-1  
Utility Cases Monthly Report**

	Current Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Calendar Year To Date	Fiscal Year to Date
<b>Filings:</b>															
New Cases	2017	59	46	67	41	52	46	21	39	28	26	358	422	3,222	894
	2016	54	52	126	55	54	23	15	37	48	30	80	19	593	540
	2015	79	77	95	74	47	33	36	63	44	38	33	31	650	609
	2014	99	79	91	89	41	44	48	47	56	64	46	65	767	729
Filings/Reports (SPI)	2017	574	440	993	692	415	530	543	500	419	524	352	460	6,442	2,798
	2016	252	303	394	651	474	495	556	489	510	597	440	473	5,634	3,065
	2015	456	402	471	486	441	369	480	461	428	405	317	263	4,979	4,923
	2014	784	650	837	849	577	395	407	431	547	523	406	445	8,851	5,384
Filings/Reports (CHI)	2017	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	2016	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	2015	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	2014	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Hearing & Commission Action Notices	2017	119	87	111	103	91	99	84	97	101	79	89	92	1,152	542
	2016	134	125	150	127	104	153	90	108	102	106	120	114	1,433	640
	2015	156	137	175	181	171	196	167	163	191	143	129	119	1,928	1,705
	2014	172	180	196	182	139	134	98	140	167	153	130	118	1,807	1,820
Supplemental/Reopen Petitions	2017	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	2016	-	3	-	-	-	-	3	-	1	-	-	-	7	4
	2015	1	-	-	-	-	-	-	-	-	1	-	-	2	4
	2014	-	-	-	-	-	1	-	1	1	1	1	-	5	5
Petitions for Rehearing	2017	6	1	1	1	2	-	-	4	1	2	-	1	19	8
	2016	7	-	1	4	-	1	1	-	-	-	1	3	18	5
	2015	8	3	-	1	2	4	2	3	1	2	-	8	34	29
	2014	13	7	8	2	4	1	2	-	3	2	3	4	49	32
Notice of Appeals	2017	-	1	3	-	-	-	-	-	-	-	1	-	5	1
	2016	5	-	-	-	3	-	-	-	-	-	-	-	8	-
	2015	3	6	2	1	-	-	5	-	-	1	1	4	23	19
	2014	5	4	10	1	1	2	1	1	-	1	-	-	26	15
Cases Closed (Orders/Commission Actions)	2017	33	57	59	74	84	44	27	40	25	23	46	419	931	580
	2016	38	73	79	73	56	80	29	50	83	32	33	58	684	285
	2015	57	48	106	131	62	38	55	34	83	40	39	51	744	701
	2014	36	86	94	110	84	73	52	54	64	47	80	43	823	782
Tariff Filings	2017	44	49	65	81	163	97	98	66	62	59	59	82	925	426
	2016	58	60	65	119	107	111	85	60	50	44	70	77	906	386
	2015	64	54	89	61	158	102	99	60	63	50	63	92	955	947
	2014	73	68	95	74	165	94	88	64	119	64	56	87	1,027	986

(ii) a description of the allocation of the Commission's budget, identifying amounts budgeted for each significant regulatory division, or office of the Commission and its employees.

(iii) a description of current employee levels, identifying any change occurring during the year in the number of employees, personnel policies, and practices or compensation levels; and identifying the number and type of employees assigned to each Commission regulatory function and to each department, bureau, section, division, or office of the Commission.

The following table shows the Commission's budget and authorized headcount by divisions and funding source.

**TABLE 1-3**  
**Budget and Headcount by Division**  
**For Fiscal Year 2016**

	Chairman & Commissioners		Public Utility Division		Transportation Division		Total	
	Head Count	Budget \$	Head Count	Budget \$	Head Count	Budget \$	Head Count	Budget \$
Public Utility Fund	11	1,521,600	145	30,477,700			156	31,999,300
Transportation Fund	1	135,800			70	18,446,100	71	18,581,900
Ground Utilities Damage Prevention Fund				151,000				151,000
Wireless Carrier Reimbursement Fund				5,500,000				5,500,000
Illinois Power Agency Renewable Energy Resources Fund				12,000,000				12,000,000
Illinois Telecommunications Access Corporation Fund				4,320,000				4,320,000
<b>Total</b>	<b>12</b>	<b>1,657,400</b>	<b>145</b>	<b>52,448,700</b>	<b>70</b>	<b>18,446,100</b>	<b>227</b>	<b>72,552,200</b>

Headcount is shown at the authorized level for FY17  
Budget \$ shown represents the FY17 appropriation.  
From Forms 150A

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*(1-d) a description of any significant changes in Commission policies, programs or practices with respect to agency organization and administration, hearings and procedures or substantive regulatory activity.*

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## AGENCY ORGANIZATION AND ADMINISTRATION

The Illinois Commerce Commission (ICC) created the Office of Cybersecurity and Risk Management (C&RM) in March of 2017. This new office compliments Governor Rauner's commitment to building a more cyber secure Illinois. Through development of policy, strategy, and best practice sharing, C&RM is charged with assessing, understanding, prioritizing and supporting the ongoing efforts of Illinois utilities to protect critical infrastructure. This is of particular importance in light of evolving risks associated with potential cyber intrusions and disruption threats including unauthorized access to operational systems and electronic data.

Creating C&RM demonstrates the ICC's focus on assessing, understanding and driving a consistent and focused effort on the part of utilities to adaptively address this expanding area of threat potential across the utility industry. The security of Illinois' critical infrastructure continues to be a priority while an increased focus on cyber defense practices has become critically necessary in the face of an ever increasing threat surface across all critical sectors and especially the utility industry which provides essential operational elements each of the other sectors relies fully upon.

### C&RM 2017 highlights:

- A) Meeting with IT and security departments of regulated investor owned Illinois utilities to discuss cyber threat prevention strategies;
- B) Participation as a panelist on several formal discussions including Mid-America Regulatory Conference (MARC), National Association of Regulatory Utility Commissioners (NARUC) and the Illinois Chamber of Commerce to share the ICC perspective on the role of the PUC in addressing cyber risk;
- C) The creation and facilitation of a multi-utility exercise through which utilities were able to collaborate and work through their respective communications response plans;
- D) Co-Authoring an article published in a trade magazine that focused on cyber supply chain as a critical area of potential risk as third party products are introduced into utility control systems;
- E) Working with the University of Illinois Champaign/Urbana to discuss research and strategize on various approaches to address key aspects of cybersecurity and risk management in the utility and energy sectors;
- F) Assisting with establishment of the Reliability, Resiliency, and Cyber Security Working Group as a part of the NextGrid, Illinois' Utility of the Future study; and
- G) Promoted an enhanced focus on cybersecurity best practices, risk awareness and education for ICC staff through briefings, open office sessions, and quarterly updates.

Dominic Saebeler is the first Director of the Office of Cybersecurity and Risk Management.

In late summer, Wei Chen Lin began working with Dominic to support the ongoing development of the new office.

Both are Illinois attorneys with legal and policy backgrounds covering areas that include current and emerging technologies and technology law, information protection, risk management, cybersecurity, procurement and supply chain and regulatory policies.



## **SECTION 2**

### **A Discussion of the Utility Industry in Illinois**

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*2. A discussion and analysis of the state of each utility industry regulated by the Commission and significant changes, trends and developments therein, including the number of types of firms offering each utility service, existing, new and prospective technologies, variations in the quality, availability and price for utility services in different geographic areas of the State, and any other industry factors or circumstances which may affect the public interest or the regulation of such industries.*

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## **SIGNIFICANT DEVELOPMENTS IN THE ILLINOIS REGULATORY ENVIRONMENT**

Many of the developments in the electric industry came in the aftermath of the end of the rate reductions and freeze originally set forth in the Electric Service Customer Choice and Rate Relief Law of 1997 (the 1997 Law). Concern over higher rates subsequent to the end of the rate freeze culminated in the Illinois Power Agency Act, P.A. 95-0481 (the IPAA). The IPAA created a state agency, the Illinois Power Agency, to procure power and renewable energy resources for Commonwealth Edison Company ("ComEd") and the three Illinois Ameren Companies (AmerenCILCO, AmerenCIPS, and AmerenIP).<sup>1</sup> In addition, the IPAA required that major utilities meet goals for energy efficiency and demand response programs.

Public Act 96-0033 (Senate Bill 1918), which became effective in 2009, produced significant changes for Illinois electric and gas public utilities, their customers, and the Commission. This Act directed electric and gas utilities serving more than 100,000 customers to offer percentage of income payment plans to their customers; these plans would provide assistance to customers paying more than 6% of their income for electric and gas utility bills combined. The Act also directed the same electric and gas utilities to offer their customers on-bill financing for the purchase of cost-effective energy efficiency measures. It allowed all electric and gas utilities to recover excess bad debt expenses through an automatic rate adjustment mechanism generally known as a "rider." The Act clarified the deadline for the electric utilities to file plans outlining energy efficiency and demand response measures, and required gas utilities with more than 100,000 customers to implement energy efficiency measures. The Act also added restrictions on the employment of former Commissioners and Commission employees, required the Commission to address specific utility rate case expenditures for attorneys and experts in each general rate case, required transcripts of all Commission meetings to be a part of the record in each case, and expanded the scope of prohibited communications pertaining to rate matters. Finally, the Act imposed renewable portfolio standards on alternative retail electric suppliers and utilities operating outside their service territories.

## **ELECTRIC POWER PROCUREMENT OBLIGATIONS**

Wholesale electricity purchased by ComEd, Ameren, and, in part MidAmerican Energy Company (MidAmerican) is subject to Section 1-75 of the IPAA<sup>2</sup> and Section 16-111.5 of the PUA<sup>3</sup>. These laws include the following major features:

- An annual procurement plan is prepared by the IPA.
  - A draft plan is first submitted (by August 15) and subject to a 30-day public comment period.
  - At the end of the 30 days, the revised plan is filed with the Commission.
  - Parties have five days to raise objections with the filed plan.
  - The Commission has another five days to determine if hearings should be held.
  - A Commission order approving or modifying the plan must be entered within 90 days of the plan filing.<sup>4</sup>
- Procurement of "standard products" must be made through sealed-bid, pay-as-bid RFP processes.
- The RFP process is conducted by an IPA-hired and Commission-approved "procurement administrator."
- The RFP process is monitored by a Commission-hired "procurement monitor." At present, the Commission's procurement monitor is the consulting firm of Bates White LLC.
- The procurement administrator and monitor independently submit to the Commission confidential reports within two business days after the receipt of bids.

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<sup>1</sup> On October 1, 2010, AmerenCILCO, AmerenCIPS, and AmerenIP merged into one operating company called Ameren Illinois Company (Ameren).

<sup>2</sup> 20 ILCS 3855/1075

<sup>3</sup> 220 ILCS 5/16111.5

<sup>4</sup> The Commission issued its final order approving the IPA's plan on December 13, 2016 (Docket 16-0453).

- The Commission reviews the confidential reports and either accepts or rejects the recommendations of the procurement administrator within two business days after receipt of the reports.
- If, by the above action, the Commission approves of utilities entering into contracts, then contracts with winning bidders are executed within three business days.

Implementation of plans subject to the above-cited portions of the IPAA and the PUA is conducted with a series of bidding events in the spring and fall for several types of contracts:

1. Standard blocks of power entered into by Ameren to establish fixed-quantity price hedges vis-à-vis MISO<sup>5</sup> day-ahead and real-time spot prices over portions of a one to three-year period.
2. Standard blocks of power entered into by ComEd, to establish fixed-quantity price hedges vis-à-vis PJM<sup>6</sup> day-ahead and real-time spot prices over portions of a one to three-year period.
3. Standard blocks of power entered into by MidAmerican to establish fixed-quantity price hedges vis-à-vis MISO<sup>7</sup> day-ahead and real-time spot prices over portions of a one to three-year period.
4. Capacity contracts to enable Ameren to satisfy resource adequacy requirements of MISO over portions of a one to two-year period.

The results of previous procurements can be found on the Commission's website at <https://www.icc.illinois.gov/electricity/workshops/ProcurementProcess2017.aspx>.

Shortly after the conclusion of the spring procurement events, Ameren, ComEd, and MidAmerican revise the base level of retail charges through which the costs of electricity and RECs are recovered from customers. Actual revenues and actual costs are monitored on a monthly basis, and rates are adjusted, as necessary, to minimize the accumulation of a revenue-cost imbalance. An annual audit and reconciliation proceeding is also held.

## RETAIL ELECTRIC CHOICE

The Electric Service Customer Choice and Rate Relief Law of 1997 restructured the state's electric service industry to allow for competition among suppliers. The 1997 Law established a fixed timetable for the introduction of electric retail choice in Illinois, beginning with approximately 64,000 non-residential electric customers, or about one-seventh of all non-residential customers, on October 1, 1999. An additional 609,000 non-residential customers became eligible for retail choice on January 1, 2001. An estimated 4.4 million Illinois residential customers became eligible for the retail choice program in May 2002. All customer classes are now eligible to choose alternative suppliers. At the end of December 2017, 100 suppliers were certified to serve non-residential customers, although 9 of those sought Commission authority to serve themselves or affiliates. Sixty-three suppliers were certified to serve residential customers.

**As of November 30, 2017, approximately 1.8 million residential customers were purchasing power and energy from a Retail Electric Supplier (RES) and approximately 278,000 non-residential customers in Illinois were purchasing power and energy from a RES.** The percentage of RES usage among non-residential customers with a peak demand above one megawatt in the service territories of Ameren Illinois and Commonwealth Edison remains around 90 percent. Detailed electric customer switching statistics can be viewed on the Commission's website at <http://www.icc.illinois.gov/electricity/switchingstatistics.aspx>

Since electric competition was beneficial to larger commercial customers but little competitive activity occurred in the residential and smaller commercial customer classes at the time, in 2007 the Illinois General Assembly passed Public Act 94-1095 (the

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<sup>5</sup> MISO is the Midcontinent Independent Transmission System Operator, Inc. It is the regional transmission organization ("RTO") to which Ameren and MidAmerican belong. MISO coordinates the movement of power in 15 U.S. states and the Canadian province of Manitoba. <https://www.misoenergy.org/Pages/Home.aspx>

<sup>6</sup> PJM is the PJM Interconnection, which is the RTO to which ComEd belongs. PJM coordinates the movement of wholesale electricity in all or parts of 13 states and the District of Columbia. Originally, it operated within Pennsylvania, New Jersey, and Maryland; hence the name, PJM. <http://www.pjm.com/>

<sup>7</sup> ComEd has been authorized by previous approved procurement plans to satisfy resource adequacy requirements through payments directly to PJM, derived through PJM's Reliability Pricing Model ("RPM").

"Retail Electric Competition Act"), reiterating "its findings from the Electric Service Customer Choice and Rate Relief Law of 1997 that the Illinois Commerce Commission should promote the development of an effectively competitive retail electricity market that operates efficiently and benefits all consumers." Public Act 94-1095 created the Office of Retail Market Development to actively seek out ways to promote retail competition in Illinois to benefit all consumers. The Office of Retail Market Development facilitated the implementation of Public Act 95-0700 requiring ComEd and Ameren Illinois to provide utility consolidated billing to retail electric suppliers and to provide for the purchase of RES receivables. Ameren implemented a utility consolidated billing and purchase of receivables program at the end of 2009 and ComEd did so in the beginning of 2011.

In the Commission's Order approving the Ameren Illinois Utilities' consolidated billing and purchase of receivables program, the Commission concluded that "consumer education and protection are both very important to any program implementing customer choice, particularly for smaller customers." In December 2012, the Commission entered a final order adopting Illinois Administrative Code Part 412, which specified a number of RES disclosure requirements and similar consumer protections.

In September 2014, the Commission initiated a Notice of Inquiry ("NOI") as a vehicle for gathering information and opinions on retail marketing issues that had been experienced since the beginning of marketing to residential customers in 2011. Following a rulemaking proceeding to consider changes to the marketing and disclosure requirements for retail electric suppliers, the Commission entered a final Order in October 2017, amending Code Parts 412 and 453. Among the changes are a broader definition of in-person marketing, new advance notice requirements for upcoming variable rate changes as well as more detailed disclosure requirements for the marketing of renewable or "green" offers.

A large share of the residential switching activity is due to municipal aggregation programs by many communities throughout the state. To date, 741 communities have passed municipal aggregation referenda and more than 500 are currently active programs.

## **DISCUSSION OF THE QUALITY, AVAILABILITY, AND PRICE OF UTILITY SERVICES BY GEOGRAPHIC AREA**

### **ELECTRICITY**

Four investor-owned public utilities provide electric service to retail customers in the State of Illinois:

Ameren Illinois Company  
Commonwealth Edison  
Company MidAmerican  
Energy Company Mt. Carmel  
Public Utility Company

Municipal systems and electric cooperatives also provide electric service in Illinois; these municipal systems and electric cooperatives are not subject to regulation by the Commission.<sup>8</sup>

A detailed presentation of the 2016 sales statistics presented below can be found in the Commission's "Comparison of Electric Sales Statistics for Calendar Years 2016 and 2015" at <http://www.icc.illinois.gov/publicutility/salesstatistics.aspx>.

### **Northern Illinois**

Two investor-owned public utilities provide electric service in northern Illinois: Commonwealth Edison Company, and MidAmerican Energy Company. Commonwealth Edison Company serves 3,953,907 customers in the northern Illinois, including the Chicago metropolitan area. MidAmerican Energy Company serves 85,307 customers in northwestern Illinois.

For 2012 through 2016, these two utilities charged the following average prices, shown in cents per kWh, for bundled service and full requirements service customers:

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<sup>8</sup> Data concerning quality, availability, and price for these municipal electric systems and electric cooperatives are not reported to the Commission and are not included in this report.

Average Prices per KWh for Bundled and Full Requirements Service (cents)					
	2012	2013	2014	2015	2016
Commonwealth Edison	11.56	10.27	10.55	11.41	10.91
MidAmerican Energy	6.50	6.83	7.13	7.83	7.94

#### Central Illinois and Southern Illinois

Two investor-owned public utilities provide electric service to central and southern Illinois: Ameren Illinois Company (AIC) and Mt. Carmel Public Utility Company. AIC serves 1,224,649 customers in central and southern Illinois. Mt. Carmel Public Utility Company serves 5,377 customers in southeastern Illinois.

For 2011 through 2016, these utilities charged the following average prices, shown in cents per kWh, for bundled service and full requirements service customers:

Average Prices per KWh for Bundled and Full Requirements Service (cents)					
	2012	2013	2014	2015	2016
Ameren Illinois	8.94	8.06	8.86	8.90	9.36
Mt. Carmel Public Utility	13.07	12.36	11.70	11.78	12.59

The bundled service price of electricity sold by these electric utilities varied between utilities and within utilities depending upon the class of customer served.

#### Electric Reliability

Pursuant to Section 16-125 of the PUA and the Commission's electric reliability rules found in 83 Ill. Adm. Code 411, each of the electric utilities under the Commission's jurisdiction files an annual electric reliability report summarizing the utility's reliability performance, its actions to maintain or improve its reliability, and other electric system reliability issues that may be specific to the utility. Ameren Illinois Company (AIC), Commonwealth Edison Company (ComEd), MidAmerican Energy Company (MEC), and Mount Carmel Public Utility Company (MCPU) filed annual electric reliability reports in 2017 for the calendar year 2016. The annual electric reliability reports can be found on the Commission's web site at: <http://www.icc.illinois.gov/electricity/utilityreporting/ElectricReliability.aspx>.

The following table presents the annual Customer Average Interruption Duration Index (CAIDI) each utility reported for the years 2012 through 2016. CAIDI, expressed in minutes, provides the average duration of interruptions that customers of each of the reporting electric utilities experienced. CAIDI is calculated by dividing the annual sum of all customer interruption durations by the total number of customer interruptions.

CAIDI					
	2012	2013	2014	2015	2016
Ameren Illinois	136	199	130	246	168
Commonwealth Edison	196	143	196	112	113
MidAmerican Energy	84	211	164	122	145
Mt. Carmel Public Utility	93	105	74	83	117

The following table presents the annual System Average Interruption Frequency Index (SAIFI) each utility reported for the years 2012 through 2016. SAIFI provides the average number of electric service interruptions that customers of each of the reporting electric utilities experienced. SAIFI is calculated by dividing the total number of customer interruptions that occurred on the utility's system by the total number of customers that the utility served (as with CAIDI, a lower value means better reliability).

SAIFI					
	2012	2013	2014	2015	2016
Ameren Illinois	1.05	1.44	1.36	1.43	1.42
Commonwealth Edison	1.16	0.99	1.01	0.88	0.76
MidAmerican Energy	2.36	2.24	1.46	1.83	1.76
Mt. Carmel Public Utility	3.57	4.01	4.16	2.85	1.89

## NATURAL GAS

Nine (9) investor-owned gas public utilities currently provide natural gas service in the State of

Illinois: Ameren Illinois  
Consumers Gas Company  
Illinois Gas Company  
Liberty Utilities  
MidAmerican Energy Company  
Mt. Carmel Public Utility  
Company Nicor Gas Company  
North Shore Gas Company  
Peoples Gas Light and Coke Company

Municipal gas systems and gas cooperatives also provide natural gas service in Illinois; these municipal gas systems and gas cooperatives are not subject to regulation by the Commission.<sup>119</sup>

During 2017, natural gas service was available without major interruption to all firm customers served by these nine Illinois gas utilities. A considerable number of commercial and industrial customers chose to purchase gas directly from wholesale suppliers and use the local gas utility as a transporter. Additionally, residential customers served by Nicor Gas Company, North Shore Gas Company, and Peoples Gas Light and Coke Company are allowed to purchase gas directly from wholesale suppliers. During 2018, sufficient supplies of natural gas are expected to be available to all customers.

A detailed presentation of the 2016 sales statistics presented below can be found in the Commission's "Comparison of Gas Sales Statistics for Calendar Years 2016 and 2015" at <http://www.icc.illinois.gov/publicutility/salesstatistics.aspx?type=g>.

### Northern Illinois

Four public utilities distribute and sell natural gas in northern Illinois: MidAmerican Energy Company, Nicor Gas Company, North Shore Gas Company, and Peoples Gas Light and Coke Company.

Nicor Gas Company is the largest gas distribution company in the State and provides service to 1,920,367 customers in northern Illinois. Peoples Gas Light and Coke Company, which serves the City of Chicago, has 752,562 customers. North Shore Gas Company serves 143,019 customers in communities north of the Chicago area. Finally, MidAmerican Energy Company serves 65,386 customers in northwestern Illinois.

As with the price of electricity, the price of gas varies among utilities and is generally determined by the suppliers of natural gas that serve the local distribution company.

For 2012 through 2016, these four utilities charged the following average prices shown in cents per therm:

Average Prices per Therm (cents)					
	2012	2013	2014	2015	2016
MidAmerican Energy	78.36	77.81	82.18	54.49	52.66
Nicor Gas	58.26	58.44	69.54	53.60	50.26
North Shore Gas	75.88	78.63	101.39	78.49	72.89
Peoples Gas Light and Coke	86.25	91.71	112.72	88.78	92.96

### Central and Southern Illinois

Ameren Illinois provides gas service to 809,437 customers in central and southern Illinois, making it the second largest gas utility in the state. Liberty Utilities provides service to 21,636 customers in a number of distinct service areas in central and southern Illinois. Additionally, southern Illinois is served by the following three smaller distribution companies: Consumers Gas

<sup>9</sup> Data concerning quality, availability, and price for these municipal gas systems and gas cooperatives are not reported to the Commission and are not included in this report.

Company, Illinois Gas Company, and Mt. Carmel Public Utility Company. Illinois Gas Company serves 9,538 customers in the Lawrenceville-Olney area. Consumers Gas Company serves 5,323 customers in the Carmi area. Finally, Mt. Carmel Public Utility Company serves 3,482 customers in the Mt. Carmel area.

For 2012 through 2016, these five utilities charged the following average prices shown in cents per therm:

Average Prices per Therm (cents)					
	2012	2013	2014	2015	2016
Ameren Illinois	105.08	92.52	97.80	94.77	96.18
Consumers Gas	81.70	72.27	72.23	66.91	63.03
Illinois Gas	78.84	80.79	79.91	66.27	69.97
Liberty Utilities	84.81	81.42	73.90	87.58	95.79
Mt. Carmel Public Utility	88.94	91.61	114.47	101.05	101.47

**Table 2-2**

The price of gas sold by the gas utilities varied between utilities and within utilities depending upon the class of customer served. A major portion of the price per therm of gas is determined by the suppliers of natural gas that serve the local distribution company. Table 2-2 shows detailed 2016 price per therm information for all gas utilities under the Commission's jurisdiction.

**Table 2-2**  
**Illinois Gas Utilities**  
**Revenue in Cents per Therm by Class of Service and by Company**  
**2016**

	<u>Ameren Illinois</u>	<u>Consumers Gas</u>	<u>Illinois Gas</u>	<u>Liberty Utilities</u>	
Residential Sales	101.34	70.79	79.97	101.91	
Small (or Commercial) Sales	92.85	65.43	68.52	91.22	
Large (or Industrial) Sales	31.32	45.65	51.59	68.73	
Other Sales To Public Authorities	63.69	-	-	-	
Total Sales To Ultimate Customers	96.18	63.06	69.97	95.79	
	<u>Mid- American</u>	<u>Mt. Carmel</u>	<u>Nicor Gas</u>	<u>North Shore Gas</u>	<u>Peoples Gas</u>
Residential Sales	75.17	105.68	51.10	74.81	96.72
Small (or Commercial) Sales	56.42	92.47	48.39	64.28	75.73
Large (or Industrial) Sales	33.53	-	40.31	59.19	67.79
Other Sales To Public Authorities	-	-	-	-	-
Total Sales To Ultimate Customers	52.66	101.47	50.26	72.89	92.96

## **WATER AND SEWER UTILITIES**

### **Overview**

The Commission currently regulates five water, one sewer, and six combined water and sewer investor-owned utilities. While the number of investor-owned utilities is a small percentage of the 1,742 community public water suppliers and 850 public sanitary sewage systems with treatment facilities in the state, these investor-owned utilities provide water service to approximately 365,000 customers and sewer service to approximately 48,000 customers. Investor-owned water utilities serve 8.0% of all persons in Illinois receiving water service from community public water supplies. These investor-owned water and sewer utilities serve customers in 39 counties and are primarily concentrated in the Chicago metropolitan area. The number of water and sewer customers served by each investor-owned utility ranges from 24 to 315,192. Only three investor-owned water utilities and four investor-owned sewer utilities serve more than 1,000 customers. See Table 2-3 for a comparison of bills for investor-owned water utilities providing service to 1,000 customers or more.

The Commission continues to pursue the reduction of the number of small investor-owned utilities. These small utilities often lack the financial and technical expertise and capabilities to effectively and efficiently provide safe drinking water and/or proper wastewater services. The Commission has found that, in most cases, customers receive better water and sewer service from larger utilities due to the economies of scale. Therefore, the Commission has encouraged acquisitions or mergers of small systems by larger municipal and investor-owned utilities to take advantage of these economies of scale. Larger investor-owned utilities that are pursuing growth opportunities often seek to acquire these small water and sewer utilities where such an acquisition is practical. Subsequent to such acquisitions, the large acquiring utilities typically invest in these systems to enhance the adequacy, reliability, efficiency, and safety of service provided to the customers of the acquired utility.

In addition, many small, non-investor owned, water and sewer utilities have issues similar to those suffered by small investor owned utilities and also have difficulty in providing safe and proper water and service. These issues are due to or exacerbated by increasing regulatory demands and costs, and a political climate adverse to utility rate increases. Larger investor-owned utilities are also pursuing the acquisition of these small utilities. This type of activity was evident during 2017:

- In February, the Commission approved the acquisition by Illinois-American Water Company of the water system of the Village of Sadorus in Champaign County (Docket No. 16-0341).
- In March, Illinois-American Water Company and Sundale Utilities, Inc., jointly filed an application by which Illinois-American would acquire the water and sewer systems of Sundale in Tazewell County (Docket No. 17-0113).
- In May, Illinois-American Water Company filed an application to acquire the water system of the City of Farmington in Fulton County (Docket No. 17-0246).
- In June, the Commission approved the acquisition by Illinois-American Water Company of the Forest Homes-Maple Park Public Water District in Madison County (Docket No. 16-0581).
- In July, Aqua Illinois, Inc., filed a petition to acquire the water and sewer systems of the Village of Peotone in Will County (Docket No. 17-0314).
- In August, Illinois-American Water Company filed an application to acquire the water and sewer systems of the City of Fisher in Champaign County (Docket No. 17-0339).
- Also in August, the Commission approved the acquisition by Illinois-American Water Company of the Piasa Township Sanitary District in Jersey County (Docket No. 17-0114).
- In December, Aqua Illinois, Inc., filed a petition to acquire the sewer systems of the Village of Manteno in Kankakee County (Docket No. 17-0813). Aqua had previously acquired the water system assets of Manteno in 2007 (Docket No. 06-0203).

### **Regulatory Activities**

In May 2017, Aqua Illinois, Inc., filed a request for a general increase in water and sewer rates for all of its service areas (Docket No. 17-0259). Aqua proposed to consolidate all of its rates into a single water rate and a single sewer rate. In November, Utility Services of Illinois filed a request for a general increase in water and sewer rates for all of its service areas (case not yet docketed).

Some investor-owned utilities continue to use purchased water and sewage treatment surcharges and qualifying infrastructure plant surcharges. Purchased water and sewage treatment surcharges allow utilities to pass their cost of purchasing water or sewage treatment directly to the end-use customers. Qualifying infrastructure plant surcharges allow utilities to recover the cost of



replacement mains, services, meters, and hydrants until such time that those investments are placed into rate base through the rate setting process. Currently, Illinois-American Water Company has purchased sewage treatment surcharges; Aqua Illinois, Inc. and Illinois-American Water Company have purchased water surcharges; and Aqua Illinois, Inc. and Illinois-American Water Company have qualifying infrastructure plant surcharges.

#### **Discussion of Water and Sewer Utilities**

Water supplies for investor-owned water utilities were generally adequate in 2017.

Three of the larger investor-owned water utilities serve municipalities adjacent to the state's major rivers; these utilities use the rivers as their source of water supply. River supplies are generally adequate. When treated, the river water meets the standards established by the Illinois EPA.

Most of the smaller investor-owned water utilities serve unincorporated residential developments, often a single subdivision, and are typically located in the northern half of the state. Wells serve as the source of water supply for all small systems. Well water quality varies considerably, and well water can contain undesirable minerals such as iron, manganese, and calcium; these minerals, while not unsafe to health, do cause aesthetic problems. Aesthetic problems have caused several well systems located in the Chicago metropolitan area to obtain Lake Michigan water.

Bills for water service typically reflect a flat meter charge and a volumetric charge. Utilities that incorporate multiple volumetric charges use a declining block rate structure. Two of the large investor-owned water utilities also charge for providing fire protection service. The water rates vary considerably and depend on many factors, including the age of the water treatment plant and treatment process, the source of the water supply, and the need for infrastructure improvements. Overall, water bills for residential customers average \$45 to \$50 per month.

Of the seven investor-owned utilities that provide sewer service, four utilities provide service to more than 1,000 customers. Due to the prohibitive cost of constructing new sewage treatment plants for a limited number of customers, the smallest sewer systems have, where possible, sought treatment from nearby regional plants. For example, sewer utilities located within the boundaries of the Metropolitan Water Reclamation District of Greater Chicago ("MWRD") discharge their wastewater to the MWRD for treatment. The investor-owned sewer utilities provide sewer service primarily to residential customers and serve a very limited number of commercial and industrial customers.

Bills for sewer service typically reflect flat rate charges or volumetric charges based on water usage, since metering of sewage flow is uneconomical and impractical for residential customers. The sewer rates vary considerably and depend on many factors, including the age of the sewage treatment plant and treatment criteria for the receiving stream. Overall, sewer bills for residential customers average \$35 to \$40 per month.

#### **Table 2-3**

Table 2-3 presents a comparison of monthly bills for residential customers of investor-owned water utilities providing service to 1,000 customers or more.

**Table 2-3**  
**Illinois Water Utility Rate Areas Serving 1,000 or More Customers**  
**Comparison of Monthly Bills — Residential Customers with 5/8 Inch Meters**  
**Based upon Rates in Effect on November 30, 2017**

Area of State/ Utilities/ Service Areas	Total Number of Customers	Bill Comparison Based upon Water Usage		
		1,000 Gallons	5,000 Gallons	10,000 Gallons
NORTHERN				
Aqua Illinois				
Candlewick	1,833	\$ 22.78	\$ 43.55	\$ 69.51
Kankakee	29,406	28.22	53.67	85.49
North Maine	4,788	13.54	57.24	111.86
University Park	2,457	21.87	36.29	54.30
Willowbrook	1,043	31.52	60.16	95.95
Illinois-American				
Chicago Metro				
Well Water	1,589	30.07	53.48	82.73
Lake Water				
Chicago Suburban	4,368	37.68	62.98	94.60
DuPage County	6,265	34.19	74.05	123.87
Fernway	2,020	34.46	75.04	125.76
Sante Fe/Bolingbrook/Homer Glen	30,983	36.16	83.91	143.59
South Beloit	2,900	30.22	54.03	83.79
Sterling	6,574	30.07	53.48	82.73
Streator	7,640	30.07	53.48	82.73
Utility Services of Illinois				
Apple Canyon	2,623	30.44	53.28	81.83
Galena Territory	2,278	30.44	53.28	81.83
Lake Holiday	2,070	30.44	53.28	81.83
Whispering Hills	2,346	30.44	53.28	81.83
CENTRAL				
Aqua Illinois				
Vermilion	19,969	30.15	58.79	94.58
Illinois-American				
Champaign	54,691	30.46	53.87	83.12
Lincoln	5,799	27.19	43.59	64.09
Pekin	14,068	27.25	38.17	51.82
Peoria	52,935	30.07	53.48	82.73
Pontiac	4,321	30.07	53.48	82.73
Utility Services of Illinois				
Lake Wildwood	1,402	30.44	53.28	81.83
SOUTHERN				
Illinois-American				
Alton	18,082	30.25	53.66	82.91
Interurban	67,662	30.20	53.61	82.86

## FINANCIAL HEALTH OF THE UTILITY INDUSTRY IN ILLINOIS

Credit ratings are the single most comprehensive and widely accepted measure of the financial condition of a business enterprise. Several independent financial research firms provide rating services, which categorize corporate debt issues based on default risk. All of the major electric and natural gas utilities serving Illinois have ratings assigned to their debt issues.

There is no formula for determining credit ratings. In assigning ratings to a firm's debt, rating agencies consider both qualitative and quantitative factors. For a public utility, rating agencies review financial information, which can be separated into six categories: debt leverage, construction and asset concentration risks, earnings protection, financial flexibility and capital attraction, cash flow adequacy, and accounting quality. Non-financial rating criteria include service territory characteristics, fuel supply and generating capacity, operating efficiency, regulatory treatment, and management.

Standard and Poor's defines its highest issuer credit ratings as follows:

### AAA

An obligation rated 'AAA' has the highest rating assigned by Standard & Poor's. The obligor's capacity to meet its financial commitment on the obligation is extremely strong.

### AA

An obligation rated 'AA' differs from the highest-rated obligations only to a small degree. The obligor's capacity to meet its financial commitment on the obligation is very strong.

### A

An obligation rated 'A' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories. However, the obligor's capacity to meet its financial commitment on the obligation is still strong.

### BBB

An obligation rated 'BBB' exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation. (Source: Standard & Poor's, RatingsDirect on the Global Credit Portal, August 20, 2010, pp. 3-4)

The following table shows the average nationwide electric utility industry credit rating, as well as the ratings for the three major electric utilities serving the State of Illinois. The majority of the operations of MidAmerican Energy Company are in other states.

**Standard and Poor's Electric Utility Credit Ratings  
November 2013 through November 2017**

	2013	2014	2015	2016	2017
Electric Utility Industry Average	BBB	BBB+	BBB+	BBB+	BBB+
Ameren Illinois	BBB+	BBB+	BBB+	BBB+	BBB+
Commonwealth Edison	BBB	BBB	BBB	BBB	BBB
MidAmerican	A-	A-	A-	A	A

The next table below presents credit ratings for the three major natural gas distribution utilities serving the State of Illinois and the average credit rating for the nationwide natural gas distribution industry.

**Standard and Poor's Gas Utility Credit Ratings  
November 2013 through November 2017**

	2013	2014	2015	2016	2017
Gas Distribution Industry Average	A-	A-	A-	A-	A-
Nicor Gas	BBB+	BBB+	BBB+	A-	A-
North Shore	A-	A-	A-	A-	A-
Peoples Gas	A-	A-	A-	A-	A-

Illinois-American Water, the largest water utility serving the State of Illinois, raises debt through a financing affiliate, American Water Capital. None of the water utilities serving Illinois has its own credit ratings. The next table presents credit ratings for American Water Capital and the average credit rating for the nationwide water utility industry.

**Standard and Poor's Water Utility Credit Ratings  
November 2013 through November 2017**

	2013	2014	2015	2016	2017
Water Industry Average	A-	A-	A	A	A
American Water Capital	A-	A-	A	A	A

# **SECTION 3**

## **A Discussion of Energy Planning**

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**(3) A Specific Discussion of the Energy Planning Responsibilities and Activities of the Commission and Energy Utilities Including:**

**(a) The extent to which conservation, cogeneration, renewable energy technologies and improvements in energy efficiency are being utilized by energy consumers, the extent to which additional potential exists for the economical utilization of such supplies, and a description of existing and proposed programs and policies designed to promote and encourage such utilization;**

**(b) A Description of each Energy Plan filed with the Commission pursuant to the Provisions of this Act and a copy or detailed summary of the most recent energy plans adopted by the Commission."**

**(c) a discussion of the powers by which the Commission is implementing the planning responsibilities of Article VIII, including a description of the staff and budget assigned to such function, the procedures by which Commission staff reviews and analyzes energy plans submitted by the utilities, the Department of Natural Resources, and any other person or party; and**

**(d) a summary of the adoption of solar photovoltaic systems by residential and small business consumers in Illinois and a description of any and all barriers to residential and small business consumers' financing, installation, and valuation of energy produced by solar photovoltaic systems; electric utilities, alternative retail electric suppliers, and installers of distributed generation shall provide all information requested by the Commission or its staff necessary to complete the analysis required by this paragraph (d).**

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Section 8-402 of the PUA, which set forth the Commission's resource planning responsibilities, was repealed by P.A. 90-561, effective December 16, 1997. Since 2007, however, the General Assembly has enacted several laws concerning electricity planning and procurement, renewable energy, distributed generation, and energy efficiency. The Commission's activities related to these topics are discussed below.

#### **ELECTRICITY PLANNING AND PROCUREMENT**

Since 2008, the Illinois Power Agency ("IPA") annually prepares a plan for the acquisition of electricity needed to serve retail customers supplied by Commonwealth Edison Company ("ComEd") and Ameren Illinois Company ("AIC"). Other utilities may request inclusion in the IPA's electric procurement plans; and, in 2015, MidAmerican Energy Company ("MEC") requested that the IPA develop plans to acquire a portion of MEC's total supply. These plans are subject to the approval of the Commission.

Approved procurement plans may call for the IPA to conduct procurement events on behalf of a utility, which are generally in the form of requests for proposal, where sealed bids from potential suppliers are solicited and evaluated by an IPA-hired procurement administrator. Such events are also overseen by a Commission-hired procurement monitor, and the selection of winning bids by the procurement administrator is subject to the approval of the Commission. Each winning bidder then enters into a paid-as-bid contract with the utility company. In 2017, the IPA conducted the following procurement events on behalf of AIC, ComEd, and MEC:

#### **IPA Procurement Events Conducted in 2017 on Behalf of the Electric Utilities as Buyers**

Bid Day	ICC Approval	Product Type	Delivery Period	Buyer(s)
4/3/2017	4/7/2017	Standard Energy Blocks	2017-2020	AIC, ComEd, MEC
4/28/2017	5/3/2017	Distributed Generation Renewable Energy Credits	2017-2024	AIC, ComEd, MEC
8/21/2017	8/25/2017	Standard Energy Blocks	2017-2020	AIC, ComEd, MEC

8/24/2017	8/30/2016	Zonal Resource Credits	2018-2019	AIC
10/13/2017	10/19/2017	Distributed Generation Renewable Energy Credits	2017-2024	AIC, ComEd, MEC

Note: More information concerning Commission-approved IPA procurement events can be found on the Commission's web site (<http://www.icc.illinois.gov/electricity/workshops/>) and the IPA's RFPs website (<https://www.ipa-energyrfp.com/>). The IPA does not necessarily conduct procurement events for all elements of its procurement plans. For example, the utilities manage the hourly balancing of energy supply and load through direct sales and purchases with RTOs. The utilities also directly procure energy efficiency and demand response programs without the aid of the IPA.

#### RENEWABLE ENERGY, CLEAN COAL, AND ZERO EMISSION PORTFOLIO STANDARDS

The IPAA and the PUA include special requirements for the acquisition by the State, electric utilities, and ARES of electricity from "clean coal facilities" and "renewable energy resources." To date, there have been no successful acquisitions of electricity from "clean coal" facilities. However, there have been significant purchases of renewable energy resources since 2008.

In 2017, as noted in the table above, the IPA conducted, as part of its 2017 procurement plan, procurement events for the acquisition by AIC, ComEd, and MEC of Distributed Generation Renewable Energy Credits ("RECs").

P.A. 99-0906, effective June 1, 2017, revised Illinois' renewable portfolio standards. Under the prior Illinois RPS, compliance and planning depended on how a customer's supply requirements were met, with three separate compliance methods for load service by default utility supply service, hourly-pricing customers, and load served by ARES. Changes to the RPS through P.A. 99-0906 will transition the state's RPS to a streamlined, centralized planning and procurement process, with RPS targets and available budgets determined based on an electric utility's load for all retail customers. P.A. 99-0906 requires the IPA to develop a Long-Term Renewable Resources Procurement Plan ("LTRRPP"), which the IPA submitted to the ICC for approval in December of 2017. Procurements pursuant to the LTRRPP will likely begin in 2018. Independent of the development of the LTRPP, the P.A. 99-0906 required the IPA to conduct an initial forward procurement of RECs from new utility scale wind projects, new utility-scale solar projects and brownfield site photovoltaic projects. The IPA conducted the following initial forward procurement event on behalf of AIC, ComEd, and MEC:

#### IPA Initial Forward Procurement Events Conducted in 2017 on Behalf of the Electric Utilities as Buyers

Bid Day	ICC Approval	Product Type	Delivery Period	Buyer(s)
8/31/2017	9/7/2017	Renewable Energy Credits	2019-2036	AIC, ComEd, MEC

The IPA will conduct additional procurements on or before June 1, 2018 of new utility-scale solar projects and brownfield site photovoltaic projects to meet targets specified in P.A. 99-0906 for the initial forward procurement.

With respect to delivery periods commencing on or before June 1, 2015, ARES have been required to comply with a separate renewable portfolio standard by making payments to the State, which are deposited into the Illinois Power Agency Renewable Energy Resources Fund ("IPARERF"), ultimately for the IPA to purchase renewable energy credits on behalf of the State. The level of such payments was determined by the ARES' retail energy sales in each utility service territory, multiplied by a factor that directly reflects the cost of renewable energy resources embedded in the rates of retail customers supplied by that utility. ARES had the option of directly purchasing renewable energy resources, in lieu of making such payments to the State, for up to one-half of their retail energy sales multiplied by a percentage set forth in the IPAA. P.A. 99-0906 made several changes to ARES' RPS requirements. With respect to the delivery period commencing on or after June 1, 2016, ARES are required to remit their compliance payments to the utilities, ultimately for the utilities to purchase renewable energy credits on behalf of the utilities' retail customers. Beginning with the delivery period commencing on June 1, 2017, ARES obligation to directly comply with RPS obligations will be phased out and utilities will increasingly comply with RPS obligations on behalf of all retail customers. In 2017, most ARES made payments for the minimum one-half of their retail sales, and acquired renewable energy credits for the other half. The quantities of renewable energy credits "retired" by ARES for each compliance period, along with payments by ARES to the IPARERF, are shown in the following table:

#### ARES Compliance with Renewable Portfolio Standard

Compliance period June 1 - May 31	REC Retirements (MWH)	Payments to IPARERF or Utilities
2016-2017	4,671,001	\$63,961,356
2015-2016	4,392,258	\$71,649,806
2014-2015	4,222,218	\$86,278,411
2013-2014	3,949,264	\$77,172,263
2012-2013	2,990,584	\$38,382,345
2011-2012	1,624,264	\$2,118,687
2010-2011	1,159,196	\$5,606,245
2009-2010	393,718	\$7,148,252

In addition to revising Illinois' renewable portfolio standards, P.A. 99-0906 created a new zero emission standard ("ZES"). The ZES requires the IPA to create a plan, which sets out the provisions for procurement of Zero Emission Credits ("ZECs"). ZECs recognize the environmental benefits of nuclear-fueled generation resources that do not emit carbon dioxide and other key pollutants. The IPA submitted its ZES plan to the Commission, which the Commission approved September 11, 2017. The initial ZES procurement, which will procure ZECs for the 2017 – 2027 delivery period, is scheduled for early 2018.

#### DISTRIBUTED GENERATION

Distributed generation refers to electric generating resources owned or operated by or for retail customers, primarily to meet some or all of their own energy needs. It may include cogeneration, roof-top solar, or other renewable or non-renewable technologies.

With respect to solar-powered generation, Public Act 99-107, effective July 22, 2015, directs the Commission to provide a summary of the adoption of solar photovoltaic (PV) systems in Illinois among residential and small business customers (customers with an annual kilowatt-hour usage of less than 15,000 kWh). The summary is provided in the following table.

As of the end of 2017, 1559 residential customers had installed PV systems in the service territories of the four electric utilities regulated by the Commission. The total capacity of residential PV systems is about 11 Megawatts (MW). About 220 small business customers (including customers with a demand level of up to 0.15 MW in the Ameren service territory) had installed PV systems; the total capacity of these systems is about 4 MW.

#### ADOPTION OF PV SYSTEMS BY RESIDENTIAL AND SMALL BUSINESS CUSTOMERS IN ILLINOIS, BY ELECTRIC UTILITY SERVICE TERRITORY, 2016 (NUMBER OF CUSTOMERS AND MEGAWATT CAPACITY OF PV SYSTEMS)

	RESIDENTIAL CUSTOMERS		SMALL BUSINESS CUSTOMERS	
	NUMBER OF CUSTOMERS	CAPACITY OF PV SYSTEM (MW)	NUMBER OF CUSTOMERS	CAPACITY OF PV SYSTEM (MW)
Ameren	679	5.6	182	3.8
ComEd	859	5.2	37	0.5
MidAmerican Energy	18	0.1	0	0.0
Mt. Carmel	3	0.02	1	0.01
TOTAL	1559	10.9	220	4.3

The adoption rate of solar photovoltaic systems may be affected by a prospective customer's estimate of the economic cost of installing and operating a PV system. The cost estimate may be influenced by a number of factors, including Federal and State tax credits and rebates. Currently, residential customers who install PV systems are eligible for a 30% Federal tax credit.

Additionally, the Illinois Power Agency administers a bidding process for the procurement of Renewable Energy Credits from PV systems. Another economic factor that may influence the adoption rate of PV systems is the level of compensation available net metering programs offered by Illinois electric utilities.



## COGENERATION

### Commission Rule

The rules for the transfer of electric power between independent generating facilities and regulated electric utilities in Illinois are established by 83 Ill. Adm. Code 430. All utilities operating in Illinois must abide by these rules except for cooperatives and municipal utilities, both of which are not regulated by the Commission.

The most important portion of the rules is the requirement that a utility must purchase cogenerated power at a price commensurate with the utility's avoided cost. The 2017 avoided costs as filed by Illinois electric utilities pursuant to 83 Ill. Adm. Code 430.110 are:

Illinois Electric Utilities Avoided Cost Rate Structure for 2015 (cents per kWh)				
	Summer Rates		Winter Rates	
	On-Peak	Off-Peak	On-Peak	Off-Peak
Ameren	4.004	2.469	3.464	2.719
ComEd	3.558	2.363	3.427	2.551
MidAmerican Energy	3.070	1.950	2.090	1.580
Mt. Carmel	4.0530	4.0530	4.0530	4.0530
TOTAL				
Time differentiated rate pricing is shown at transmission or subtransmission levels where possible; additional credits are available at lower voltages, loads, and times (except for Mt. Carmel). See each utility filing for exact avoided energy costs under specific conditions				

### Special Rates

Cogeneration/self-generation displacement and deferral rates can be in the form of special contracts or designed as tariffs. In each case, the Commission's position has been to promote economic cogeneration or self-generation, while avoiding uneconomic bypass of a utility's system. When the cogeneration or self-generation discount rate brings a customer's individual rate closer to the utility's marginal cost of providing service, uneconomic bypass is less likely to occur.

## ENERGY EFFICIENCY PROGRAMS

**Sections 8-103, 8-103B, and 8-104** of the PUA respectively require electric and gas utilities and the Department of Commerce and Economic Opportunity to submit multi-year energy efficiency plans for Commission approval. P.A. 99-0906 changed the timing of these plans. Prior to January 1, 2018, utilities submitted three-year plans based upon June 1 – May 31 delivery years. P.A. 99-0906 requires plans of varying durations with the first plans covering the four calendar years between and including 2018 and 2021. The status of recent Commission proceedings initiated to consider these energy efficiency plans is summarized in the table below:

Docket	Utility	Planning Period	Initiated	Status
13-0423	MEC	2014, 2015, 2016, 2017, 2018	7/1/2013	Closed
13-0495	ComEd	2014, 2015, 2016	8/30/2013	Closed
13-0498	AIC	2014, 2015, 2016	8/30/2013	Closed
13-0499	DCEO	2014, 2015, 2016	8/30/2013	Closed
13-0549	Nicor	2014, 2015, 2016	9/30/2013	Closed
13-0550	Peoples/N. Shore	2014, 2015, 2016	9/30/2013	Closed
17-0212	AIC, ComEd, Nicor, Peoples/N. Shore	2018 Extension		Closed
17-0311	AIC	2018, 2019, 2020, 2021		Closed
17-0312	ComEd	2018, 2019, 2020, 2021		Closed
17-0310	Nicor	2018, 2019, 2020, 2021		Closed
17-0309	Peoples/N. Shore	2018, 2019, 2020, 2021		Closed

**Sections 8-103, 8-103B, and 8-104** of the PUA require determinations to be made concerning energy savings goal compliance. The open Commission proceedings initiated to make these determinations are summarized in the table below.

Docket	Utility	Compliance Period June 1 - May 31	Initiated	Status
14-0595	AIC / DCEO	2012-2013	9/30/2014	Open
15-0296	AIC / DCEO	2013-2014	4/22/2015	Open

The results of Commission proceedings initiated to make determinations concerning energy savings goal compliance are summarized in the table below.

Docket	Utility Service Territory	Compliance Period June 1 - May 31	First-Year Net Savings Achieved	Savings Goal Achieved?	Initiated	Closed
10-0519	AIC	2008-2009	89,955 MWh	Yes	8/30/2010	6/6/2012
	AIC	2009-2010	129,748 MWh	Yes	8/30/2010	6/6/2012
11-0592	AIC	2010-2011	263,374 MWh	Yes	8/23/2011	11/25/2014
	DCEO (AIC Territory)	2010-2011	26,536 MWh	No	8/23/2011	11/25/2014
14-0594	AIC	2011-2012	353,664 MWh	Yes	9/30/2014	9/8/2016
	DCEO (AIC Territory)	2011-2012	37,396 MWh	No	9/30/2014	9/8/2016
	AIC	2011-2012	5,771,819 therms	Yes	9/30/2014	9/8/2016
	DCEO (AIC Territory)	2011-2012	1,157,810 therms	Yes	9/30/2014	9/8/2016
10-0520	ComEd	2008-2009	163,717 MWh	Yes	8/30/2010	5/16/2012
	DCEO (ComEd Territory)	2008-2009	18,636 MWh	No	8/30/2010	5/16/2012
	ComEd	2009-2010	472,132 MWh	Yes	8/30/2010	5/16/2012
	DCEO (ComEd Territory)	2009-2010	34,038 MWh	No	8/30/2010	5/16/2012
11-0593	ComEd	2010-2011	626,715 MWh	Yes	8/23/2011	3/5/2014
	DCEO (ComEd Territory)	2010-2011	54,130 MWh	No	8/23/2011	3/5/2014
13-0078	ComEd	2011-2012	944,111 MWh	Yes	1/24/2013	1/20/2016
	DCEO (ComEd Territory)	2011-2012	107,640 MWh	No	1/24/2013	1/20/2016
14-0075	ComEd	2012-2013	942,061 MWh	Yes	1/23/2014	2/23/2017
	DCEO (ComEd Territory)	2012-2013	98,944 MWh	No	1/23/2014	2/23/2017
15-0274	ComEd	2013-2014	977,911 MWh	Yes	4/8/2015	8/15/2017
	DCEO (ComEd Territory)	2013-2014	86,439 MWh	No	4/8/2015	8/15/2017
15-0297	Nicor	2011-2014	49,218,260 therms	Yes	4/22/2015	9/28/2016
	DCEO (Nicor Territory)	2011-2014	4,559,873 therms	No	4/22/2015	9/28/2016
15-0298	N.Shore	2011-2014	3,895,802 therms	Yes	4/22/2015	9/22/2016
	DCEO (N. Shore Territory)	2011-2014	676,653 therms	No	4/22/2015	9/22/2016
	Peoples	2011-2014	21,586,878 therms	Yes	4/22/2015	9/22/2016
	DCEO (Peoples Territory)	2011-2014	6,405,466 therms	Yes	4/22/2015	9/22/2016

## **SECTION 4**

### **Availability of Utility Services to All Persons**

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*(4) A discussion of the extent to which utility services are available to all Illinois citizens including:*

*(a) Percentage and number of persons or households requiring each such service who are not receiving such service, and the reasons therefore, including specifically the number of such persons or households who are unable to afford such service.*

*(4-b) a critical analysis of existing programs designed to promote and preserve the availability and affordability of utility services.*

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The information necessary to determine the number of persons lacking utility service within the state is difficult to obtain. Part of the difficulty is that all utility companies within the state track accounts by residence and not by customer name. Thus, a utility could determine if a particular residence was disconnected and therefore no longer receiving service, but the utility would have no way of knowing whether that household regained service under another name in its own service territory or perhaps under the same name in a different service territory. In addition, persons disconnected might also move in with an acquaintance already receiving service or they might acquire service supplied by an electric co-operative or municipality over which the Commission has no jurisdiction. Further, if the intent of the question is to ascertain the number of persons without access to a source of heat, the existence of non-utility sources such as wood stoves and kerosene heaters would further complicate the answer, thus the myriad of possibilities makes a truly accurate figure very elusive.

Although the Commission has limited resources available to determine the number of persons within the state lacking some type of utility service, and granting the uncertainty in accuracy of such a statistic, an estimate may be obtained by analyzing the disconnection and reconnection data provided to the Commission by gas and electric utilities.

To determine a rough estimate of the number of persons lacking utility service, one can look at the aggregate disconnection/reconnection figures for a 12-month period. The results for the period of December 2016 through November 2017 are as follows:

The average heat related residential class customer base equaled 8,018,889 households. In this class, 280,199 accounts were disconnected and 205,926 were reconnected. This yields a 73.49 percent reconnection rate leaving 74,273 accounts not reconnected. The disconnected accounts represent 3.49 percent of the average residential customer base, while those accounts not reconnected represent a rate of 0.93 percent.

The Commission is aware of its obligations to minimize the dangers arising from unnecessary termination of gas and/or electric space heating service during the winter months. To minimize these dangers and be responsive to the needs of both Illinois consumers and the utilities that serve those consumers, the Commission has developed rules and regulations concerning the termination and reconnection of space heating service during the winter months. Many of these rules have since been enacted into law. In addition, the Commission has continued to refine its other rules regarding utility credit and collection activities to help Illinois utility consumers make timely payments on their obligations to utility companies and thus avoid termination of utility service. The following discussion is a synopsis of current regulations designed to promote and preserve the availability and affordability of residential utility services.

#### **Temperature-based Termination of Service**

If gas or electric service is the only source of space heating or if electricity is used to control the only space heating equipment, such as an electric blower fan on a gas furnace, these services may not be disconnected on any day when the National Weather Service forecasts that the temperature for the next 24 hours will be 32 degrees or below, or on a day before a holiday or weekend when the weather is forecasted to be 32 degrees or below any time before the next business day.

If gas or electricity is used as the only source of space cooling or to control or operate the only space cooling equipment at a residence or master-metered apartment building, then a utility with over 100,000 residential customers may not terminate gas or electric utility service to the residential user, including all tenants of master-metered apartment buildings on a day when the National Weather Service forecasts that the temperature for the next 24 hours will be 95 degree or above, or on a day before a holiday or weekend when the weather is forecasted to be 95 degrees or above any time during the holiday weekend.

**Disconnection of Service to Military Personnel on Active Duty**

Utilities are prohibited from disconnecting gas and electric service to military personnel in military service for non-payment.

**Disconnection of Service to Customers Receiving LIHEAP funds**

During the winter heating season (December 1 through March 31) residential customers who receive Low Income Home Energy Assistance Program (LIHEAP) funds may not be disconnected if the services are used as the primary source of heating or to control or operate the primary source of heating.

**Disconnection of Service to Certain Electric Space-Heating Customers**

During the winter heating season (December 1 through March 31) a public utility serving more than 100,000 electric customers may not be disconnect electric service to a residential space heating customer for non-payment.

**Initial Credit and Deposit Requirements**

Utilities defer initial credit and deposit requirements for 60 days for a residential customer who is a victim of domestic violence.

**Preferred Payment Date**

Current residential customers who receive certain types of benefit checks out of cycle with their utility bills are allowed up to ten days subsequent to the customer's regular due date to make payment without penalty. This has benefited the low-income, elderly, and unemployed customers since they are able to avoid late payment charges and, in many cases, avoid paying a deposit to the utility.

**Deferred Payment Agreement**

This agreement allows a customer who owes the utility for a past due bill to maintain utility service by paying the past due amount in installments over a period of four to twelve months while continuing to pay current bills as they become due. Of the customers whose service was reconnected during the winter of 2016-2017 and who were given a payment plan, 45.64 percent were allowed six months or longer to pay the past due amount. Depending on the outstanding amount, the amount of the current bills, and the customer's income, this rule helps many customers, but it falls short of assisting those customers who simply have utility bills that are greater than their income can afford. Commission rules do allow for reinstatement after default and renegotiation of the payment agreement if the customer's financial circumstances change for the worse.

**Reconnection**

This rule provides that residential customers disconnected prior to the winter heating season and those customers disconnected during the winter heating season (December 1 through March 31) may be reconnected upon the payment of one-third of the amount due to the company. If financial inability to pay this amount is shown, one-fifth of the amount owed may be paid. The customer then must enter into a payment plan to pay the balance of the outstanding amount owed to the utility. It should be noted that in many cases the amounts paid to have service restored are obtained through grants from community organizations or through the Low Income Home Energy Assistance Program (LIHEAP) administered by Department of Commerce and Economic Opportunity.

The reconnection rule further states that this provision is available between November 1 and April 1 of the current heating season; that reconnection under this provision cannot be used in two consecutive years; that the former customer must have paid at least one-third of the amount billed subsequent to December 1 of the prior year; and that the program is not available if any evidence of tampering with the meter is discovered.

As required in the "winter reconnection" rule, on or about October 1, 2016, letters were sent to 39,544 former customers statewide who, according to utility records, were not then receiving heat related utility service. A total of 15,553 former customers requested that their service be reconnected. Of these, 3,568 customers were reconnected upon payment of the total bill and 4,897 were reconnected upon payment of a portion of the past due utility bill. Reconnection requests of 7,088 customers were denied. The reasons for denial are categorized as follows:

- 410 former customers failed to make a required down payment;
- 2,445 former customers failed to pay one-third of the amounts billed since December 1, 2015;
- 3,377 former customers had been reconnected under this rule last year; and
- 865 former customers resided where equipment tampering or diverted utility service was detected.

The above information indicates that 23,991 former customers did not respond to the inquiries posed by the utilities. It is impossible to determine whether these households are truly without utility service and, if so, why they do not have service.

### **Financial Assistance**

ICC-regulated electric and natural gas utilities participate in the Low Income Home Energy Assistance Program (LIHEAP), administered by the Department of Commerce and Economic Opportunity (DCEO). Subject to the availability of funds, LIHEAP provides a one-time per year grant to eligible low-income customers and reconnection assistance.

The Percentage of Income Payment Plan (PIPP) was implemented effective September 2011 and became available for LIHEAP eligible households who are customers of the following utilities: Ameren Illinois, ComEd, Nicor Gas and Peoples Gas/North Shore Gas. Under PIPP, a customer pays a percentage of income, receives a monthly benefit towards his or her utility bill and arrearage reduction for every on-time payment the customer makes. DCEO administers this program.

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*(4-c) an analysis of the financial impact on utilities and other ratepayers of the inability of some customers or potential customers to afford utility service, including the number of service disconnections and reconnections, and cost thereof and the dollar amount of uncollectible accounts recovered through rates.*

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### **THE FINANCIAL IMPACT OF UNCOLLECTIBLE EXPENSES**

Uncollectible expense for utilities represents revenue billed but not received for services rendered. Efforts are made to recover such revenue, but, after a certain period of time and effort, unpaid amounts are charged as an expense and recovered in the regular rates charged to all customers.

Public Act 96-0033 (SB 1918), signed into law on July 10, 2009, added Sections 16-111.8 (concerning electric utilities) and 19-145 (concerning gas utilities) to the PUA. These sections provide that an electric or gas utility shall be permitted to recover through an automatic adjustment clause the incremental difference between its actual uncollectible amount and the uncollectible amount included in rates. Ameren, ComEd, Peoples Gas, North Shore Gas, Liberty Gas and Nicor Gas have tariffs on file with the Commission to enact the uncollectible automatic adjustment clauses.

### **CONSUMER EDUCATION ACTIVITIES**

#### **Electric Customer Choice—"Plug In Illinois"**

The Illinois Electric Service Customer Choice and Rate Relief Law of 1997 restructured the state's electric utility industry. Section 16-117 of the Public Utilities Act requires the Illinois Commerce Commission to maintain a consumer education program to provide residential and small commercial retail customers with information to help them understand their service options, rights, and responsibilities.

The ICC Plug In Illinois website, located at [www.pluginillinois.org](http://www.pluginillinois.org), is updated as information changes and contains an overview of customer choice, guidelines for choosing an electric supplier including residential prices to compare for Ameren Illinois and Commonwealth Edison customers, a listing of RES offers for comparison and a list of municipalities pursuing aggregation programs.

#### **Natural Gas Choice**

In some parts of Illinois, natural gas utilities voluntarily offer their residential and small retail commercial customers the opportunity to choose their supplier of natural gas. Alternative Gas Suppliers offering service to these customers must be certified by the ICC. In accordance with Section 19-125 of the Public Utilities Act, the Commission web site includes consumer education information to help residential and small commercial customers understand their gas supply options and their rights and responsibilities. The educational information includes choices available, guidance for selecting an alternative gas supplier, comparisons of the prices and terms of products offered by alternative suppliers and procedures for consumers to address complaints.

## **SECTION 5**

### **Implementation of The Commission's Statutory Responsibilities**

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*(5) A detailed description of the means by which the Commission is implementing its new statutory responsibilities under this Act, and the status of such implementation, including specifically:*

*(5-a) Commission reorganization resulting from the addition of an Executive Director and hearing examiner qualifications and review.*

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#### **COMMISSION REORGANIZATION**

During 2017, there were no organizational changes resulting from statutory responsibilities. Various changes made since the passage of the new Public Utilities Act have been reported in previous Commission annual reports.

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*(5-b) Commission responsibilities for construction and rate supervision, including construction cost audits, management audits, excess capacity adjustment, phase-ins of new plant and the means and capability for monitoring and reevaluating existing or future construction projects.*

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#### **CONSTRUCTION AUDITS**

##### **Statutory Requirements**

Section 8-407(b) and 9-213 of the 1986 PUA grants the Commission the authority to conduct construction audits. Pursuant to Section 8-407(b), the Commission, after granting a certificate of public convenience and necessity for the construction of a new electric generating facility, is authorized to perform construction cost audits at any time during construction whenever the Commission has cause to believe that such an audit is necessary or beneficial to the efficiency or economy of construction.

Section 9-213 requires the Commission to perform an audit of the cost of new electric utility generating plants and significant additions to electric utility generating plants to determine if the cost is reasonable prior to including such construction costs in rate base.

Sections 8-407 (b) and 9-213 both establishes the Commission's authority to engage independent consultants to perform these audits. If engaged, the cost will be borne initially by the utility, but shall be recoverable as an expense through normal ratemaking procedures.

##### **Commission Responsibilities**

To comply with the PUA, the Commission must monitor the major construction activities of all electric utilities within the state to assure that such construction is efficient and economical. The Commission is also required (Sec. 8-407(a)) to reevaluate the propriety and necessity of each certificate of necessity issued for the construction of a new electric generating facility at least every three years.

##### **Section 8-407 (b) Activities**

No activities were taken during 2017.

##### **Section 9-213 Activities**

No activities were taken during 2017.



## **MANAGEMENT AUDITS**

### **Statutory Requirements**

Under Section 8-102 of the PUA, the Commission is authorized to conduct management audits of public utilities. The Commission may choose to conduct the audits with its own staff or contract with independent consultants. The Commission may initiate an audit only when it has reasonable grounds to believe an audit is necessary or likely to be cost-beneficial.

The statute allows for the costs associated with the use of independent consultants to be borne by the utilities with recovery provided through the normal ratemaking process.

### **Commission Responsibilities**

Prior to initiating a management audit or investigation of a utility, the Commission must have "reasonable grounds to believe that such audit or investigation is necessary to assure that the utility is providing adequate, efficient, reliable, safe, and least-cost service and charging only just and reasonable rates therefore, or that such audit or investigation is likely to be cost beneficial in enhancing the quality of such service or the reasonableness of rates therefore." The Commission shall "issue an order describing the grounds for such audit or investigation and the appropriate scope and nature of such audit or investigation."

### **Section 8-102 Activities**

In Docket Nos. 12-0511/0512 (Cons.) the Commission adopted a two-phase investigation of Peoples Gas Light and Coke Company' Accelerated Main Replacement Program (AMRP). the Commission engaged Liberty Consulting Group (Liberty) to conduct this investigation on May 5, 2014. Liberty's investigation involved two phases. The first phase involved Liberty's investigation of AMRP planning and execution. Specifically, Liberty investigated Peoples Gas' management, control, and oversight of the AMRP and how these key obligations affect costs and schedule. Phase 2 involved Liberty overseeing Peoples Gas' implementation of the recommendations from the Phase 1 report. The Commission received Liberty's Final Report for phase one of the investigation on May 5, 2015, which contained 95 recommendations for improvement of the AMRP. The second phase of the investigation ended in May 2017. The Second Phase also required Liberty to provide quarterly reports. The Commission received the eighth and final quarterly Second Phase report in December of 2017.

## **EXCESS CAPACITY, USED, AND USEFUL**

Section 9-215 of the PUA gives the Commission the "power to consider, on a case by case basis, the status of a utility's capacity and to determine whether or not such utility's capacity is in excess of that reasonably necessary to provide adequate and reliable electric service". The Commission is also authorized to make adjustments to rates if a finding of excess capacity is made. This section conditions this authority for generating units whose construction programs started prior to the effective date of the current Act, January 1, 1986. That is, any such findings of excess capacity and adjustment of rates for generating units whose construction started prior to the effective date of the current Act, will be subject to the law in effect prior to 1986.

No activities were taken during 2017.

## **RATE MODERATION PLAN**

The PUA authorizes the Commission to consider the adoption of a rate moderation plan that would lessen rate impacts associated with new power plants coming into service. No new power plants were placed in service in Illinois during 2017.

No activities were taken during 2017.

## **COST-BASED RATES**

The PUA considers cost-based rates an important component of equity for ratepayers. Specifically, the Act that the cost of supplying public utility services should be allocated to those who cause the costs to be incurred [Section 1- 102(d)(iii)]. Equity is the fair treatment of public utility consumers and investors. Under the PUA, the Commission can consider other factors besides cost to determine whether rates are just and reasonable [Section 1-102(d)(iv)]. The need to base rates on costs has increased as the utility environment becomes more competitive. A close relationship between rates and costs will discourage uneconomic bypass of the utility system by ratepayers. Uneconomic bypass is costly to the utility, ratepayers, and society as a whole.

The Commission made consistent progress toward the establishment of cost-based rates in utility rate cases that were handled in 2017. The following is a list of the gas and electric rate cases handled by the Commission in 2017 (See Section 2 for list of water and sewer rate cases handled in this period).

#### **Gas**

In August 2016 Liberty Utilities (Midstates Natural Gas) Corp. d/b/a Liberty Utilities filed a gas rate case (Docket No. 16-0401). The Commission entered an order on May 24, 2017.

In March 2017 Northern Illinois Gas Company d/b/a Nicor Gas Company filed a gas rate case (Docket No. 17-0124). The Commission will enter a final order in or before February 2018.

In September 2017 Consumers Gas Company filed a gas rate case (Docket No. 17-0415). The Commission will enter a final order in or before August 2018.

#### **Electricity**

In August 2016, Mt. Carmel Public Utility filed a general rate increase (Docket No. 16-0428). The Commission entered an order on May 3, 2017.

#### **SEC. 16-108.5 ELECTRIC FORMULA RATE CASES & RECONCILIATIONS**

The PUA was amended in 2011. Public Act 97-0616 included a new provision under Sec. 16-108.5 that enables participating electric utilities to file performance-based formula rates, and provide annual updates and reconciliations of those rates.

In April 2017, Commonwealth Edison Company filed its formula rate tariff (Docket No. 17-0196) for its distribution delivery services. The Commission entered an order on December 6, 2017.

In April 2017, Ameren Illinois filed its formula rate tariff (Docket No. 17-0197) for its distribution delivery services. The Commission entered an order on December 6, 2017.

In July 2016, Ameren Illinois filed an electric rate design case (Docket No. 16-0387) pursuant to Section 16-108.5(e). The Commission entered an order and an order on rehearing on February 23, 2017 and August 25, 2017, respectively.

In December 2016, Commonwealth Edison Company filed an electric rate design case pursuant to Section 16-108.5(e) (Docket No. 17-0049). The Commission entered an order on July 26, 2017. The Commission granted rehearing and is expected to issue an order on rehearing in 2018.

#### **MERGERS**

On January 17, 2017, Consolidated Communications Holdings, Inc. (CCH), Consolidated Communications, Inc., FairPoint Communications, Inc. Falcon Merger Sub, Inc., and the following: "FairPoint Illinois ILECs": C-R Telephone Company d/b/a FairPoint Communications/C-R Telephone Company, The El Paso Telephone Company d/b/a FairPoint Communications/The El Paso Telephone Company, and Odin Telephone Exchange, Inc. d/b/a FairPoint Communications/Odin Telephone Exchange, Inc. filed with the Commission a petition pursuant to Section 7-204 for approval of transactions that will result in FairPoint merging with CCH and the FairPoint Illinois ILECs becoming wholly owned subsidiaries of CCH. The matter was docketed as Docket No. 17-0043. An Order approving the reorganization with conditions was entered on June 28, 2017.

On September 18, 2017, Egyptian Communications Services, Inc. ("Egyptian") and Gridley Telephone Co. ("GTC") filed with the Commission pursuant to Section 7-204 approval for transactions and agreements that would result in Egyptian acquiring 100% ownership of GTC, which is a local exchange carrier certificated by the Commission. The matter was docketed as Docket No. 17-0387. A Commission Order will be entered on or before August 18, 2018.

#### **ASSET TRANSFERS OR SALES**

There were no asset transfers or sales filed with the Commission during 2017.

#### **INFORMATIONAL FILINGS**

There were no informational notices filed with the Commission during 2017.

#### **DECOMMISSIONING**

During 2017, no Illinois electric utility billed its customers any charges for decommissioning. The last billing of decommissioning charges by any Illinois electric utility ceased on December 31, 2006 (Docket No. 00-0361).

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*(5-c) Promulgation and application of rules concerning ex parte communications, circulation of recommended orders and transcription of closed meetings.*

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The Commission's rules concerning ex parte communications (83 Ill. Adm. Code 200.710) and the circulation of recommended orders (83 Ill. Adm. Code 200.820) remained in effect in 2017 and were applied throughout the year. Closed meetings were transcribed verbatim as required by Section 10-102 of the Public Utilities Act.

# **SECTION 6**

## **Appeals from Commission Orders**

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**(6) A description of all appeals taken from Commission orders, findings or decisions and the status and outcome of such appeals.**

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This section includes appeals that were filed, decided, or dismissed in 2017, appeals that were decided in 2016, but pending rehearing, and federal cases taken under 47 USC 252(e)(6). Appeals involving motor carriers, rail carriers, or other regulated transportation in which the Commission may have participated as plaintiff, defendant, intervenor, or *amicus* are excluded. Additionally, all non-appeal judicial actions, such as enforcement and collection actions, employment suits, and federal administrative and judicial actions in which the Commission may have participated as plaintiff, defendant, intervenor, or *amicus*, are excluded.

**I. APPEALS INVOLVING PUBLIC UTILITIES FILED IN 2017 THAT ARE STILL PENDING WITHOUT DECISION**

**A. Under the Public Utilities Act, 220 ILCS 5**

1. *Air Products & Chemicals Co., Inc., Eastman Chemicals Co., Prairie Farms Dairy, Inc., United States Steel-Granite City Works & University of Illinois, collectively known as Illinois Industrial Water Consumers (IIWC) v. Illinois Commerce Commission, Illinois-American Water Company, et al.*  
Appellate Court for the First Judicial Dist., Dkt. No. 1-17-0561  
Ill.C.C. Docket No. 16-0093

*Appeal from grant or denial of rate changes for water and sewer service under Section 9-201 of the Public Utilities Act, 220 ILCS 5/9-201.*

Status: Appeal was consolidated with Docket No. 1-17-0527, and the appeal record was filed electronically. Case is being briefed.

2. *Citizens Utility Board v. Illinois Commerce Commission, Illinois-American Water Company, et al.*  
Appellate Court for the First Judicial Dist., Dkt. No. 1-17-0527  
Ill.C.C. Docket No. 16-0093

*Appeal from grant or denial of rate changes for water and sewer service under Section 9-201 of the Public Utilities Act, 220 ILCS 5/9-201.*

Status: Appeal was consolidated with Dkt. No. 1-17-0561, and the appeal record was filed electronically. Case is being briefed.

3. *People of the State of Illinois ex rel. Lisa Madigan, Attorney General v. Illinois Commerce Commission, Ameren Illinois Company, d/b/a Ameren Illinois, et al.*  
Appellate Court for the Fourth Judicial District, Dkt. No. 4-17-0870  
Ill.C.C. Docket No. 17-0311

*Appeal from approval of the energy efficiency and demand-response plan pursuant to 220 ILCS 5/8-103B and 220 ILCS 5/8-104.*

Status: Administrative record is being prepared.

**B. Under Other Utility-Related Acts**

None

**II. APPEALS DISMISSED IN 2017 WITHOUT DECISION ON THE MERITS AND WITH NO FURTHER ACTION EXPECTED**

**A. Under the Public Utilities Act, 220 ILCS 5**

1. *Cbeyond Communications, LLC v. Illinois Commerce Commission and Illinois Bell Telephone Company d/b/a AT&T Illinois*  
Appellate Court for the First Judicial Dist., Dkt. No. 1-13-1610  
Ill.C.C. Docket No. 11-0696

*Appeal from grant or denial of a complaint brought pursuant to Sections 13-515 and 10-108 of the Illinois Public Utilities Act, 220 ILCS 5/13-515 and 10-108*

The Illinois Appellate Court granted Cbeyond's motion to dismiss its statutory appeal on February 21, 2017. The mandate was issued on April 25, 2017. In the parallel federal lawsuit, on February 5, 2016, the U.S. Court of Appeals for the Seventh Circuit held that neither the Commission, when interpreting the Cbeyond/AT&T Illinois interconnection agreement, nor AT&T, in conforming to its agreement with Cbeyond, had violated federal law. *Cbeyond Communications, LLC v. Brian J. Sheahan, et al.*, 840 F.3d 360 (7th Cir. 2016).

**B. Under Other Utility-Related Acts**

None

**III. APPEALS IN WHICH DECISIONS WERE RENDERED IN 2016 BUT WERE PENDING REHEARING, PETITIONS FOR LEAVE TO APPEAL OR PETITIONS FOR CERTIORARI AT THE TIME OF THE PREVIOUS ANNUAL REPORT**

**A. Under the Public Utilities Act, 220 ILCS 5**

1. *The Illinois Public Telecommunications Assn. v. Illinois Commerce Commission, Illinois Bell Telephone Co., et al.*  
Illinois Supreme Court No. 121870  
Appellate Court for the First Judicial Dist., Dkt. No. 1-04-0225  
Ill.C.C. Docket No. 98-0195

*Appeal from Commission Order related to the provision of payphone service in Illinois*

This administrative review was affirmed by the Appellate Court in 2005, and the mandate was issued on July 25, 2006. On March 26, 2016, the Illinois Public Telecommunications Association ("IPTA") sought recall of the mandate.

On December 22, 2016, the Appellate Court denied the IPTA's motion to recall the mandate. The Court found that the request was time-barred under Supreme Court Rules. On January 26, 2017, the Appellate Court denied the issuance of a certificate of importance. On February 2, 2017, IPTA moved for a supervisory order from the Illinois Supreme Court to the Illinois Appellate Court. On February 9, 2017, the Commission and Illinois Bell Telephone Co. filed oppositions to the issuance of a supervisory order. On February 23, 2017, the Illinois Supreme Court denied the motion for issuance of a supervisory order. No further action was taken.

2. *Mary Weathersby v. Illinois Commerce Commission and Illinois Bell Telephone Co. d/b/a AT&T Illinois*  
U.S. Supreme Court No. 16-8992  
Illinois Supreme Court No. 120906  
Appellate Court for the First Judicial Dist., Dkt. No. 1-15-1021  
Illinois Appellate Court Summary Order: 2016 IL App (1st) 151021-U  
Ill.C.C. Docket No. 14-0129

*Appeal from grant or denial of a consumer complaint brought under Section 10-108 of the Public Utilities Act, 220 ILCS 5/10-108*

Mary Weathersby filed a verified formal complaint with the Commission alleging Illinois Bell Telephone Company increased her "All Distance" package over a span of four years, resulting in overcharges of more than \$300. After an evidentiary hearing, the Commission found that (1) part of the complaint was time-barred; (2) the Commission

only had jurisdiction over the intrastate portion of her bill; and (3) Weathersby was properly notified of all intrastate rate increases, except for one. Because of the one missing notice, the Commission ordered a \$19 refund plus interest. Weathersby appealed the Commission's order.

On April 19, 2016, the Illinois Appellate Court affirmed the Commission's order in a Rule 23 Summary Order. Weathersby's only contention in the Appellate Court was that the Commission was obligated to create and supply her with an audio tape of the certified transcripts of the proceedings. The Appellate Court rejected the contention as not being supported by any law or rule of the Court.

Weathersby's request for review by the Illinois Supreme Court was denied on September 28, 2016. The mandate was issued on November 14, 2016.

On December 9, 2016, Weathersby filed a petition for a writ of certiorari with the U.S. Supreme Court. The petition was denied on October 2, 2017. On October 21, 2017, Weathersby filed for rehearing, which is still pending.

#### B. Under Other Utility-Related Acts

None

### IV. APPEALS IN WHICH DECISIONS WERE RENDERED EITHER BY OPINION OF THE COURT OR BY AN ORDER ISSUED UNDER SUPREME COURT RULE 23 IN 2017. (A Rule 23 order decides a case on its merits, but has limited effect as precedent in other cases.)

#### 1. Under the Public Utilities Act, 220 ILCS 5

1. *Illinois Landowners Alliance, NFP, et al. v. Illinois Commerce Commission, Rock Island Clean Line LLC, et al.*  
Illinois Supreme Court Opinion: 2017 IL 121302  
Illinois Supreme Court Docket Nos. 121302, 121304, 121305, and 121308 (cons.)  
Appellate Court Opinion: 2016 IL App (3d) 150099  
Appellate Court for the Third Judicial Dist., Dkt. Nos. 3-15-0099, 3-15-0103 & 3-15-0104 (cons.)  
Ill.C.C. Docket No. 12-0560

*Appeal from an Order granting Rock Island Clean Line LLC a Certificate of Public Convenience and Necessity, pursuant to Section 8-406 of the Public Utilities Act as a Transmission Public Utility and to Construct, Operate and Maintain an Electric Transmission Line and Authorizing and Directing Rock Island Clean Line LLC pursuant to Section 8-503 of the Public Utilities Act to Construct an Electric Transmission Line*

Rock Island Clean Line LLC ("RICL") was formed to construct and manage an approximately 500 mile high voltage, direct current electric transmission line project that would run from O'Brien County in northwest Iowa to Grundy County in northeast Illinois. The primary purpose of the project was to connect wind generation facilities in northwest Iowa, South Dakota, Nebraska, and Minnesota with electricity markets on the PJM interconnection grid.

PJM is a regional transmission organization that coordinates the movement of wholesale electricity to markets in Illinois, Indiana, Michigan, Ohio, Kentucky, the District of Columbia, and eight other states in the northeast. PJM includes the service territory of Commonwealth Edison Co. ("ComEd").

The Illinois portion of the proposed transmission line would start near Cordova, Illinois and extend approximately 121 miles through Illinois to a ComEd substation in Grundy County (Collins substation). RICL applied for a certificate of public convenience and necessity and the right to construct the Illinois portion of the transmission line as a public utility under Sections 8-406 and 8-503 the Public Utilities Act, 220 ILCS 5/8-406 and 8-503.

On November 25, 2014, the Commission issued RICL a certificate of public convenience and necessity ("CPCN") to transact business as a transmission public utility, and to construct, operate, and maintain the

proposed transmission line over the preferred route described in the application. Based on the record, the Commission found RICL is a public utility. The Commission also determined RICL had presented sufficient evidence to demonstrate that the proposed line will promote the development of an effectively competitive electricity market that operates efficiently, is equitable to all customers, and is the least cost means of satisfying those objectives. 220 ILCS 5/8-406(b)(1). Finally, because of concerns over RICL's financial ability, the Commission conditioned its approval by requiring RICL to submit compliance documents to demonstrate the necessary financial commitments before construction of the transmission line in Illinois can begin. Appeals were taken by ComEd, a group of affected landowners (Illinois Landowners Alliance NFP), and the Illinois Agricultural Association (a/k/a the Illinois Farm Bureau).

On August 10, 2016, the Illinois Appellate Court reversed the Commission's Order and remanded the case for further proceedings to enter an order consistent with the Court's Opinion. The court determined that the Commission had no jurisdiction to grant RICL a CPCN because RICL was not a public utility within the meaning of Section 3-105 of the Public Utilities Act, 220 ILCS 5/3-105. Although the Court agreed that an applicant under Section 8-406 of the Act does not have to be a public utility at the time of its application, the Court held that an applicant must own, control, operate, or manage utility assets within the State before a CPCN can be granted. The Court also held that a transmission public utility must have Illinois generators or a preference for Illinois shippers in order to receive a CPCN. RICL does not currently own, control, operate, or manage utility assets related to this transmission line, and this transmission line does not have Illinois generators of electricity or a preference for Illinois shippers.

The Commission, RICL, the IBEW Local Unions 51, 9, 145 & 196, Wind On The Wires, and Natural Resources Defense Council filed Petitions for Leave to Appeal with the Illinois Supreme Court which petitions were granted on November 23, 2016.

On September 21, 2017, the Illinois Supreme Court affirmed the judgment of the Appellate Court, holding that a new company such as RICL cannot meet the definition of a public utility under Section 3-105 of the Act, 220 ILCS 5/3-105. Only entities that already own, operate, control or manage public utility plant, equipment or property meet the definition of a public utility. A new company intending to be a public utility cannot apply for a certificate under Section 8-406 of the Act, 220 ILCS 5/8-406, until after construction of the plant begins at the earliest. On October 12, 2017, the Commission and other Appellants filed Petitions for Rehearing. On November 20, 2017, the Illinois Supreme Court denied all Petitions for Rehearing. The decision was issued by the Supreme Court on December 26, 2017, and by the Appellate Court on December 27, 2017.

2. *Commonwealth Edison Company v. Illinois Commerce Commission, et al.*  
Appellate Court Order: 2017 IL App (1st) 162410-U  
Appellate Court for the First Judicial Dist., Dkt. No. 1-16-2410  
Ill.C.C. Docket No. 14-0567

*Appeal from reconciliation of revenues collected under Rider EDA with the actual costs associated with energy efficiency and demand response programs.*

On August 10, 2017, the Illinois Appellate Court affirmed the Commission's annual reconciliation of the costs collected under Rider EDA in a Rule 23 Order. The court ruled that the denial of costs incurred from two energy efficiency programs was proper as the costs were not reasonably and prudently incurred. ComEd had argued that the Commission's decision violated statutory law, will deter third-party participation in energy efficiency programs, and was arbitrary and capricious and unsupported by substantial evidence. The Court rejected all of ComEd's arguments. Mandate was issued on November 2, 2017.

3. *The Illinois Public Telecommunications Assn. v. Illinois Commerce Commission and Illinois Bell Telephone Co.*  
Illinois Supreme Court Docket No.122260  
Appellate Court Order: 2017 IL App (1st) 161139-U  
Appellate Court for the First Judicial Dist., Dkt. No. 1-16-1139  
Ill.C.C. Docket No. 15-0254



*Appeal from grant or denial of a refund for allegedly excess charges or, alternatively, a reopening on the Commission's own motion of Ill.C.C. Docket No. 98-0195.*

On March 31, 2017, the Illinois Appellate Court, in a Rule 23 Order, affirmed the Commission's dismissal of IPTA's petition, which sought an order for a refund, with interest, from Illinois Bell for allegedly excessive charges to IPTA members in the provision of network services to payphone service providers from April 15, 1997, to December 12, 2003. Alternatively, IPTA sought to reopen Ill.C.C. Docket No. 98-0195, in which the Commission originally denied IPTA the asserted refunds. The Court held that IPTA was collaterally estopped from raising its claim where the matter had been fully litigated previously and neither the facts nor the law had changed in Illinois. The Court also found that IPTA's petition was time-barred. Finally, the Court held that the Commission did not abuse its discretion in refusing to reopen an investigation into Illinois Bell's rates on the facts presented.

On May 4, 2017, IPTA filed a petition for leave to appeal (PLA) with the Illinois Supreme Court. On June 6, 2017, the Commission and Illinois Bell filed answers to IPTA's PLA. On September 27, 2017, the Illinois Supreme Court denied leave to appeal. The mandate was issued on November 21, 2017.

4. *Wayne Underwood v. Illinois Commerce Commission and Illinois Bell Telephone Company*  
Supreme Court Docket No. 122890  
Appellate Court Order: 2017 IL App (1st) 170476-U  
Appellate Court for the First Judicial Dist., Dkt. No. 1-17-0476  
Ill.C.C. Docket No. 14-0301

*Appeal from petition for declaratory ruling under 83 Ill. Adm. Code 200.220.*

On September 12, 2017, in a Rule 23 Order, the Illinois Appellate Court for the First District affirmed the dismissal by the Commission of the amended petition for declaratory ruling, which sought refunds of late fees collected by Illinois Bell.

The Court agreed that the refund request was time-barred under Section 9-252 of the Public Utilities Act ("Act"), 220 ILCS 5/9-252. The Court likewise agreed that the various tolling claims by Mr. Underwood did not toll the statute of limitation contained in Section 9-252 of the Act. The Court did not reach the many other grounds for dismissal of Mr. Underwood's amended petition for declaratory ruling. On November 14, 2017, Mr. Underwood was granted leave to file a petition for leave to appeal with the Illinois Supreme Court. On December 5, 2017, the Commission and Illinois Bell filed Answers to the PLA. Awaiting decision.

5. *Quinshela Wade v. Commonwealth Edison Company and Illinois Commerce Commission*  
Appellate Court Opinion 2017 IL App (1st) 171230  
Appellate Court for the First Judicial Dist., Dkt. No. 1-17-1230  
Ill.C.C. Docket No. 16-0243

*Appeal from grant or denial of consumer complaint under Section 10-108 of the Public Utilities Act.*

On December 1, 2017, the Illinois Appellate Court for the First District affirmed the Commission's order of dismissal of the complaint of Ms. Wade, but remanded the cause for further examination of an issue which was barely raised in the case.

Ms. Wade had refused ComEd access to her property in order for ComEd to install a "smart" meter. Pursuant to its approved tariff, ComEd thereafter charged Ms. Wade a monthly fee for refusing the "smart" meter. Ms. Wade argued that she could refuse both the "smart" meter and to pay the refusal fee. Ms. Wade filed a complaint with the Commission, which was dismissed pursuant to ComEd's motion.

The Appellate Court rejected Ms. Wade's claim that she was denied due process because the case was decided on motion. The Court rejected the claims that the refusal fee violated either Illinois or federal law. The Court also rejected the claims that there was insufficient evidence to support the Commission's order. However, Ms. Wade

claimed that she was assessed late fees by ComEd during the pendency of her complaint in violation of 83 Ill. Adm. Code 280.220(g)(1). One monthly bill was presented in the record showing a late fee charge while Ms. Wade's complaint was pending. The Appellate Court has remanded the case for a determination of whether improper late fees had been assessed by ComEd and to provide a credit for any such improper late fees.

The parties have until December 22, 2017, to seek rehearing and until January 5, 2018, to seek review by the Illinois Supreme Court. However, no further filings were made.

**2. Under Other Utility-Related Acts**

None

# **SECTION 7**

## **Studies and Investigations Required by State Statutes**

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*(7) A description of the status of all studies and investigations required by this Act, including those ordered pursuant to Sections 4-305, 8-304, 9-242, 9-244, and 13-301 and all such subsequently ordered studies or investigations.*

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#### **Section 4-304: ADOPTION OF SOLAR PHOTOVOLTAIC SYSTEMS**

Section 4-304(3)(d) reads as follows:

(d) a summary of the adoption of solar photovoltaic systems by residential and small business consumers in Illinois and a description of any and all barriers to residential and small business' consumers' financing, installation and valuation of energy produced by solar photovoltaic systems; electric utilities, alternative retail electric suppliers, and installers of distributed generation shall provide all information requested by the Commission or its staff necessary to complete the analysis required by this paragraph (d).

Section 3 provides a summary of the adoption of solar photovoltaic systems by residential and small business consumers in Illinois.

#### **Section 4-305: EMISSION ALLOWANCE REPORTS**

Section 4-305 of the Public Utilities Act reads as follows:

Sec. 4-305. Emission allowances. Beginning with the first quarter of 1993, the Commission shall collect from each public utility and each affiliated interest of a public utility owning an electric generating station information relating to the acquisition or sale of emission allowances as defined in Title IV of the federal Clean Air Act Amendments of 1990 (P.L. 101-549), as amended. The information collected shall include the number of emission allowances allocated to each utility, by statute or otherwise, and the number of emission allowances acquired or sold by each utility. The Commission shall establish quarterly requirements for reporting the information specified under this Section. Beginning with the annual report due January 31, 1994, the Commission shall include the information collected under this Section in the annual report required under this Act.

Appendix B presents information that the Commission has collected under Section 4-305 of the Public Utilities Act since the last Annual Report.

#### **Section 8-304: ESTIMATED BILLING PRACTICES**

This section, added September 19, 1985, required the Commission to perform a comprehensive study of estimated billing practices and policies of the major regulated public utilities providing natural gas and/or electric services. The study was conducted in 1987. No activities were taken in 2017, and no further activities are anticipated.

#### **Section 9-202: TEMPORARY RATE INCREASE**

On October 1, 1987, 83 Ill. Adm. Code 330 became effective. Among other things, 83 Ill. Adm. Code 330 put forth the necessary conditions for a temporary rate increase pursuant to Section 9-202(b) and provided an avenue for refunds with interest if the approved temporary rate increase exceeded the permanent rate increase.

#### **Section 9-214: STUDY OF CWIP**

The study was completed and sent to the General Assembly on December 29, 1988. Please see the Commission's 1992 annual report, page 56, for details.

#### **Section 9-216: RULEMAKING FOR CANCELLATION COSTS**

The regulated utilities currently have no generation or production plant under construction and have not made any requests for authority to construct a new generation or production plant. The Commission is expected to initiate rulemaking to include due dates as soon as practical.

### **Section 9-223: EVALUATION OF THE FIRE PROTECTION CHARGE**

Section 9-223(b) directs the Commission to evaluate the purpose and use of each fire protection charge imposed under Section 9-223. Section 9-223(b) was added to the Public Utilities Act as part of Public Act 94-0950 with an effective date of June 27, 2006. The Commission submitted a report containing its findings to the General Assembly prior to the last day of the 2008 veto session.

### **ECONOMIC DEVELOPMENT PROGRAM**

A summary of the Commission's economic development program and its activities since its inception may be found in previous Commission annual reports.

The Commission coordinates its economic development activities with other state agencies, including the Department of Commerce and Economic Opportunity. Commission staff members represent the agency on interagency task forces that relate to the Commission's economic development activities. Individual economic development project proposals are reviewed in conjunction with appropriate staff from utilities, state and local government, and private businesses. Staff comments on tariff and/or rate filings by utilities and testimony in rate case proceedings serve to further articulate Commission policies in the area of economic development.

As the implementation of customer choice continues, the Commission will assess its impact on economic development through an ongoing evaluation of rulemakings and decisions, such as: requirements for alternative electric suppliers, consumer-education materials, delivery services tariffs, distributed resources, and real-time pricing.

### **INVESTIGATION OF PEOPLES GAS LIGHT AND COKE COMPANY'S ("PEOPLES") ACCELERATED MAIN REPLACEMENT PROGRAM (also discussed on page 39)**

In Docket Nos. 12-0511/0512 (Cons.) the Commission adopted a two-phase investigation of Peoples Gas Light and Coke Company' Accelerated Main Replacement Program ("AMRP") under Section 8-102 of the Act (220 ILCS 5/8-102). The Commission engaged Liberty Consulting Group (Liberty) to conduct this investigation on May 5, 2014. Liberty's investigation involved two phases. The first phase involved Liberty's investigation of AMRP planning and execution. Specifically, Liberty investigated Peoples Gas' management, control, and oversight of the AMRP and how these key obligations affect cost and schedule. Phase 2 involved Liberty overseeing Peoples Gas' implementation of the recommendation from the Phase 1 report. The Commission received Liberty's Final Report for phase one of the investigation on May 5, 2015, which contained 95 recommendations for improvement of the AMRP. The second phase of the investigation ended in May 2017. The Second Phase also required Liberty to provide quarterly reports. The Commission received the first quarterly report on Sept. 30, 2015. The Commission received the eighth quarterly report in December 2017. Further, the Commission initiated docket number 16-0376 to investigate the cost, scope, schedule and other issues related to the Peoples Gas' natural gas system modernization program (SMP formerly AMRP) and establish Program policies and practices pursuant to Section 8-501. The Commission entered an Order in docket number 16-0376 on January 10, 2018. This Order provides for the hiring of two consultants pursuant to Section 8-102 of the Act; the first would assist the Commission in reviewing SMP costs contained in QIP reconciliation proceedings, the second would assist the Commission to oversee Peoples' management of the SMP.

### **Section 8-103: ELECTRIC ENERGY EFFICIENCY AND DEMAND RESPONSE PROGRAM SPENDING LIMITS**

Section 8-103 of the Public Utilities Act ("PUA") sets forth requirements for electric utilities to create and implement ratepayer-funded energy efficiency and demand response programs. The statute also provides for a limitation on the amount of spending on such programs, if the result of the spending would be to increase retail rates of retail customers by more than certain prescribed percentages. Subsection (d) of Section 8-103 concludes by stating,

No later than June 30, 2011, the Commission shall review the limitation on the amount of energy efficiency and demand response measures implemented pursuant to this Section and report to the General Assembly its findings as to whether that limitation unduly constrains the procurement of energy efficiency and demand response measures.<sup>12</sup>

The report was sent to the General Assembly on June 29, 2011. It is available on the Commission's website in the Reports section: <http://www.icc.illinois.gov/reports>

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<sup>12</sup> 220 ILCS 5/8-103(d)

#### **ILLINOIS POWER AGENCY ACT, Section 1-75(c): Renewable Energy Resource Procurement Spending Limits**

Subsection (c) of Section 1-75 of the IPAA sets forth a renewable portfolio standard ("RPS") pertaining to electric utilities whom on December 31, 2005 provided electric service to at least 100,000 customers in Illinois. The statute also provides for a limitation on the amount of renewable energy resources that shall be purchased, if the result of such purchases would be to increase retail rates of eligible retail customers by more than certain prescribed percentages. Paragraph 2 of 1-75(c) concludes by stating,

No later than June 30, 2011, the Commission shall review the limitation on the amount of renewable energy resources procured pursuant to this subsection (c) and report to the General Assembly its findings as to whether that limitation unduly constrains the procurement of cost-effective renewable energy resources.<sup>10</sup>

The report was sent to the General Assembly on June 29, 2011. It is available on the Commission's website in the Reports Section: <http://www.icc.illinois.gov/reports>

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<sup>10</sup> 20 ILCS 3855/1-75(2)(2)

## **SECTION 8**

### **Impacts of Federal Activity on State Utility Service**

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*(8) A discussion of new or potential developments in federal legislation, and federal agency and judicial decisions relevant to State regulation of utility service*

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#### **COMMISSION POLICY AND ACTIONS IN FERC PROCEEDINGS**

The Federal Energy Regulatory Commission ("FERC") regulates, among other things, the rates for wholesale electricity sales by public utilities and transmission of electricity in interstate commerce, the transmission and sale of natural gas for resale in interstate commerce, and the transportation of natural gas by interstate pipelines. The primary goal of the ICC's Federal Policy Program is to ensure that the rules, policies, rates, and terms and conditions of service that the FERC establishes for electric transmission service, wholesale power sales and natural gas pipeline transportation are just and reasonable for Illinois energy consumers.

#### **DEVELOPMENTS IN THE NATURAL GAS INDUSTRY**

Much of the FERC's current policy regarding interstate natural gas pipeline transportation service stems from the Order 636 open access rules adopted by the FERC in 1992. In recent years, the FERC's focus in the natural gas arena has been to hone its interstate natural gas transportation policy through incremental modifications. The FERC's natural gas policy continues to focus on improving the efficiency and transparency of the natural gas market, encouraging the development of new natural gas storage capacity and infrastructure, increasing competition and protecting consumers against excessive pipeline transportation rates. In recent years, the FERC has focused on improving coordination between the natural gas and electricity industries.

Since 2005, the ability of producers to extract natural gas from shale and tight formations have driven prices down, spurring growth in consumption and net exports of natural gas. For the near-term, natural gas production is projected to grow at close to four percent annually. In the long-term, shale gas is expected to account for nearly two-thirds of total U.S. production by 2040. This increased expansion of shale gas production continues to place downward pressure on natural gas prices in virtually every region of the United States. The abundance of low-cost natural gas, the increased need to back-up renewable energy resources and the retirement of non-gas fired generators has contributed to the increasing shift to natural gas-fired electricity generation. In 2017, the amount of electricity generation fueled by natural gas was slightly more than 40 percent of total U.S. electricity generation.

The shift from coal to natural gas-fired generation has resulted in an increasing interdependence of natural gas pipelines and electricity markets. The FERC has recognized this interdependence and has initiated numerous proceedings intended to improve the coordination between the natural gas and electricity industries, with particular emphasis on ensuring that any outages and/or reliability problems are not the due to a lack of coordination between the electricity and gas industries. To that end, in 2015, the FERC issued Order No. 809, which revised FERC's regulations regarding the coordination of wholesale natural gas and electricity market scheduling. In 2016, the FERC accepted over 150 compliance filings from natural gas pipelines that revised the nomination cycle deadline for scheduling gas transportation and added an additional intraday nomination cycle during the gas operating day to help shippers adjust their scheduling to reflect changes in demand. More recently, in 2017, the FERC launched opened docket no. AD117-12 to focus on understanding current trends in natural gas trading and price formation to determine if there is a need to improve liquidity and price reporting in natural gas markets.

As one would expect, the increase in natural gas production and changes to traditional supply sources have led to expansions and upgrades to existing pipeline capacity. In recent years, the FERC has recognized this trend and implemented policies that allow interstate natural gas pipelines to recover certain capital expenditures made to modernize and upgrade pipeline system infrastructure in a manner that enhances system reliability, safety and efficient operation of the pipeline systems. The FERC approved numerous pipeline expansion projects in 2017, including projects by Panhandle Eastern and Trunkline Gas Company that will increase their respective pipeline capacity ratings by 750 million cubic feet per day. Both of these expansions should increase the ability of the two pipelines to transport natural gas into/through Illinois.

#### **DEVELOPMENTS IN THE ELECTRIC POWER INDUSTRY**

Much of the FERC's current electric policy stems from several sweeping reforms concerning the regulation of the transmission grid that were initiated in the late 1990s. In particular, Order 888 opened the nation's transmission grid through open access transmission tariffs. Order 2000 called for the voluntary creation of RTOs which are intended to bring about increased efficiency through both improved grid management and increased access to competitive power supplies by end-users. The FERC has also spent a significant amount of time and resources trying to improve the efficiency and transparency of electricity markets through the implementation of the Energy



Policy Act of 2005 and Orders 890, 890-A, and 890-B. Order No. 1000 reforms the FERC's electric transmission planning and cost allocation requirements for public utility transmission providers by building on the reforms of Order No. 890 and addressing lingering deficiencies with respect to transmission planning processes and cost allocation methods.

In 2017, the FERC continued its focus on addressing numerous issues relevant to Illinois, including the interdependence of natural gas pipelines and electricity markets, addressing seams issues between PJM, MISO and neighboring RTOs, and the production and deliverability of renewable energy in the Midwest, Eastern and Southern United States. The FERC has also continued its focus on addressing issues regarding price formation in the energy and ancillary services markets operated by RTOs/ISOs and the continued reliability of the bulk power system. .

As it has been since their inception, seams issues between PJM and MISO continue to be an issue. The two RTOs continue to discuss how to best address inter-RTO market and planning-related items such as cross-border transmission planning and cost allocation, pseudo-lied generators and the deliverability of capacity across the seam, coordination of generator interconnection, market settlement process and interface pricing. However, given the complexity and volume of the issues related to RTO seams, it is likely that the FERC, the RTOs and their members will continue to address these issues well into the future.

The production and transmission of renewable energy continues to be a major topic of emphasis for the FERC. Renewable energy resources have the potential to be a cost-effective means of reducing greenhouse gas emissions and increasing the diversity of generating unit types. While the ICC generally supports the integration of renewable energy resources into established wholesale electricity markets, renewables can require the construction of high voltage transmission facilities to move wind power from wind-rich geographic areas to points generally east of Illinois. Some high voltage projects are also constructed for the purpose of addressing transmission constraints in the South and the East. The manner in which the FERC allocates the costs of these regional transmission projects continue to present concerns for Illinois and there is a strong possibility that the FERC will continue to address these cost allocation issues in the coming years.

FERC continues to evaluate issues regarding price formation in the energy and ancillary services markets operated by RTOs/ISOs. These potential issues include offer-price mitigation and price caps, scarcity and shortage pricing and the use of uplift payments, all of which impact the ability of an RTO to send proper signals to market participants regarding the cost of serving load and minimizing the need to recover costs through out-of-market uplift payments. Price formation is critical to Illinois because Illinois' retail market relies on a competitive wholesale market to discipline electricity prices.

Section 215 of the Federal Power Act provides the FERC with specific authority regarding the reliability of the interconnected electric grid. In the past, the FERC has implemented that authority, primarily by focusing on the oversight of the development and enforcement of mandatory reliability standards. In 2017, the FERC issued several final rules, proposed rulemakings and several staff reports regarding the reliable operation of the bulk power system. Specifically, the final rules approved mandatory standards intended to support the resilience and reliability of the grid. The proposed rulemaking focused on developing standards to address system restoration and black start procedures in situations where grid control is lost. The FERC also issued a proposed rulemaking and order proposing new cyber security management controls and proposed infrastructure protection standards. Finally, the FERC issued a proposed rulemaking that would establish reliability standards intended to address the coordination of performance protection systems and specific training for personnel regarding topics essential to real-time operations of the bulk electric system. In the past, the FERC has addressed reliability indirectly. However, given that with the EPAct 2005 Congress has expanded the FERC's jurisdiction to include the reliability of the electric grid, the FERC will likely continue to focus on reliability standards.

The allocation of costs associated with regional transmission projects continues to be an issue for Illinois. The ICC has appealed several FERC orders regarding the cost allocation of certain transmission projects in PJM on the basis of load, rather than benefit. In December of 2014, after several FERC orders were remanded by the U.S. Court of Appeals back to the FERC, the FERC issued an order establishing hearing and settlement judge procedures to determine the assignment of cost allocation for the projects at issue in this proceeding. In 2015 and 2016, the ICC engaged in negotiations with parties regarding the appropriate cost allocation and refunds for the projects that remain at issue in this proceeding. After more than a year of negotiations, a majority of participants reached agreement and filed a settlement agreement for FERC approval. A small number of participants opposed the settlement agreement and FERC has not issued an Order as of December 2017.

Resource adequacy in certain parts of RTOs became an issue in 2016 when MISO issued a report detailing resource adequacy concerns in the portions of MISO that have competitive retail access, specifically Illinois and Michigan. MISO's concern was that its capacity market construct does not provide generators in competitive retail areas that rely on competitive wholesale market sufficient entry and exit signals to ensure long-term resource adequacy in those areas. In light of that concern, in late 2016, MISO filed a "Competitive Retail Solution" with the FERC that, in general, would implement a three-year forward resource auction, with an

administratively determined, downward-sloping demand curve to support entry at high enough reserve margins to meet predetermined reliability objectives and a bright-line test for mandatory participation of demand. However, the FERC rejected MISO's proposal, citing, among other concerns, that the forward auction requirement would bifurcate the MISO market and likely lead to significant price volatility and cost allocation concerns across MISO.

The Illinois Electric Service Customer Choice and Rate Relief Law of 1997 (220 ILCS 5/16-101, et seq.), enacted on December 16, 1997, introduced the concept of delivery services and required Illinois utilities to provide open access to delivery services on a phased-in basis. However, in adopting that statute, the Illinois General Assembly recognized that certain components of delivery service may be subject to FERC jurisdiction. Therefore, the statute states:

An electric utility shall provide the components of delivery services that are subject to the jurisdiction of the Federal Energy Regulatory Commission at the same prices, terms and conditions set forth in its applicable tariff as approved or allowed into effect by that Commission [FERC]. The Commission [ICC] shall otherwise have the authority pursuant to Article IX to review, approve, and modify the prices, terms and conditions of those components of delivery services not subject to the jurisdiction of the Federal Energy Regulatory Commission.

(220 ILCS 5/16-108(a)) Furthermore, Section 16-101A(d) of the Public Utility Act mandates:

The Illinois Commerce Commission should act to promote the development of an effectively competitive electricity market that operates efficiently and is equitable to all consumers.

Accordingly, the ICC continues to be actively engaged at the FERC, working to ensure that the components of delivery service for which the FERC has regulatory oversight responsibility are provided at rates, terms, and conditions that are appropriate for Illinois' retail direct access program. Similarly, the ICC has been advocating transparent wholesale electricity markets because transparent wholesale markets are key for Illinois' open access retail program to provide greater benefits to retail customers. All of the issues discussed in the previous sections have the potential to impact the price and reliability of electric service in Illinois. As such, the ICC has been, and will continue to be, engaged in the processes before the FERC to ensure that Illinois' interests are adequately represented.

# **SECTION 9**

## **Recommendations for Proposed Legislation**

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***(9) All recommendations for appropriate legislative action by the General Assembly.***

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The Commission's legislative agenda for the 100th General Assembly is currently being formulated. A detailed discussion of specific proposals currently under consideration would be premature at this time.

# **Appendix A**

## **Summary of Significant Commission Decisions**

## CASE SUMMARIES FOR 2017 ANNUAL REPORT

### Electric

#### **14-0507      The Citizens Utility Board and The Environmental Defense Fund**

##### **Proceeding to Adopt the Illinois Open Data Access Framework.**

This matter concerns a petition filed by the Citizens Utility Board and the Environmental Defense Fund to initiate a proceeding to adopt the Illinois Open Data Access Framework for the purpose of reviewing, refining, and adopting the framework as the governing standards for access to customer usage data by customers, utilities, and third parties (any party other than the customer and the utility). On July 26, 2017, the Commission entered a Final Order which found that the Open Data Access Framework addresses such things as customer authorization, types of data, data format, method of delivery, timeliness, data security and charges for data access. The Commission directed that the Open Data Access Framework may be considered by Commonwealth Edison Company and Ameren Illinois Company d/b/a Ameren Illinois as they develop new information technology systems, customer services and other programs as AMI investments are completed by the utilities.

#### **14-0555      Citizens Utility Board and Environmental Defense Fund**

##### **Proceeding to Adopt a GHG Metric for Smart Grid Advanced Metering Infrastructure Deployment Plans filed pursuant to Section 16-108.6 of the Public Utilities Act.**

The Citizens Utility Board and Environmental Defense Fund filed a verified Petition requesting that the Illinois Commerce Commission initiate a proceeding to adopt metrics for measuring reductions in greenhouse gas ("GHG") emissions associated with Smart Grid Advanced Metering Infrastructure ("AMI") Deployment Plans filed pursuant to Section 16-108.6 of the Public Utilities Act ("Act"). 220 ILCS 5/16-108.6. The Commission entered a Final Order in this proceeding on September 27, 2017 which approved several GHG metrics and specifically required that Ameren Illinois Company d/b/a Ameren Illinois work with the Citizens Utility Board, Environmental Defense Fund and Commission Staff to develop a metric to measure changes in GHG emissions attributable to changes in customer demand and energy use attributable to programs enabled by AMI deployment, such as peak time savings and residential real time pricing.

#### **15-0512      Illinois Commerce Commission On Its Own Motion**

##### **Amendment of 83 Ill. Adm. Code 412 and 83 Ill. Adm. Code 453.**

The Commission adopted modifications to Rules concerning marketing practices for alternative retail electric suppliers, specifically related to telemarketing, online sales, contract renewals, in-person solicitations and new rules for "green" energy suppliers. The Joint Committee on Administrative Rules proposed edits to the Commission's Second Notice Order, and the Commission adopted its edits on October 19, 2017. The revised Rules went into effect November 1, 2017.

#### **16-0259      Commonwealth Edison Company**

##### **Annual Formula Rate Update and Revenue Requirement Reconciliation under Section 16-108.5 of the Public Utilities Act.**

On December 6, 2016, the Commission entered an Order approving a 2017 Rate Year Net Revenue Requirement for Commonwealth Edison Company ("ComEd"), approving the original costs of ComEd's electric plant in service, and authorizing ComEd to make a compliance filing implementing the resulting rates and charges. The Commission granted rehearing on limited issues in this docket. During rehearing, ComEd voluntarily offered to reduce its 2017 Rate Year Net Revenue Requirement by a total of \$17.5 million because

of adjustments to its 2014 costs. On March 22, 2017, the Commission entered an Order on Rehearing accepting this offer.

**16-0287**

**Ameren Illinois Company d/b/a Ameren Illinois**

**Petition for Approval to Enter Into Affiliate Services Agreement.**

On April 7, 2017, the Commission entered an Order approving an affiliate services agreement for Ameren Illinois Company d/b/a Ameren Illinois.

**16-0387**

**Ameren Illinois Company d/b/a Ameren Illinois**

**Revenue-Neutral Tariff Changes related to Rate Design.**

On August 25, 2017, the Commission entered an Order approving revenue neutral tariff design for Ameren Illinois Company d/b/a Ameren Illinois' electric rates. The Commission determined that the fixed-cost recovery in the customer and meter charge for residential and small commercial customers should be set at 30% and 28%, respectively, of the revenue requirement for the three-years this rate design will be in effect.

**16-0413**

**Ameren Illinois Company d/b/a Ameren Illinois**

**Approval of the Energy Efficiency and Demand-Response Plan pursuant to 220 ILCS 5/8-103 and 220 ILCS 5/8-104.**

On January 25, 2017, the Commission entered an Order approving Ameren Illinois Company d/b/a Ameren Illinois' Electric Energy Efficiency and Demand Response and Natural Gas Energy Efficiency Plan for June 1, 2017 through May 31, 2020 ("Plan 4"). Consistent with a Stipulation entered by the parties, the Commission approved Ameren Illinois' gas and electric energy efficiency budgets and modified savings goals, subject to the provisions of Public Act 99-0906.

**16-0420**

**Commonwealth Edison Company**

**Approval of the Energy Efficiency and Demand Response Plan pursuant to Section 8-103(f) of the Public Utilities Act.**

On January 25, 2017, the Commission entered an Order pursuant to Section 8-103 of the Public Utilities Act ("Act") adopting Commonwealth Edison Company's ("ComEd") 2017-2019 Energy Efficiency and Demand Response Plan, as modified by the terms of the October Stipulation. The Commission found that ComEd demonstrated, through substantial evidence, that it is highly unlikely that it will be able to achieve the statutory savings requirements under the limitations imposed by Section 8-103(d) of the Act. The Commission approved ComEd's modified savings goals for Plan 4 of 510,110,822 net kWhs for Plan Year 10, 510,172,201 net kWhs for Plan Year 11, and 510,297,017 net kWhs for Plan Year 12, with a three-year cumulative modified savings goal of 1,530,580,039 net kWh. The Commission recognized that these modified savings goals are subject to further adjustment per the terms of the October Stipulation, the Policy Manual, and the final version of the Adjustable Savings Goals Policy Guidelines.

**16-0428**

**Mt. Carmel Public Utility**

**Proposed Increase in Electric Rates.**

On May 3, 2017, the Commission entered an Order authorizing Mt. Carmel Public Utility to file tariff sheets consistent with Commission determinations regarding cost of service, interclass revenue allocation, rate design, and tariff terms and conditions, and designed to produce annual base rate electric revenues of \$7,964,745, which represent an increase of \$1,901,561 or 16.75%.

- 16-0548**      **Ameren Transmission Company of Illinois**
- Petition for an Order pursuant to Section 8-509 of the Public Utilities Act Authorizing Use of Eminent Domain Power.**
- On February 23, 2017, the Commission entered an Order authorizing Ameren Transmission Company of Illinois to use eminent domain to acquire rights-of-way across one parcel of land along the Commission-approved route for a new 345 kilovolt ("kV") electric transmission line connecting the existing Fargo Substation near Peoria, Illinois to the new Sandburg Substation near Galesburg, Illinois.
- 16-0584**      **Illinois Commerce Commission On Its Own Motion**
- Development and Adoption of Rules concerning the Electronic Filing of Public Utility Tariffs.**
- On September 7, 2017, the Commission entered a Final Order in this proceeding adopting Part 290, "Public Utility Electronic Tariff Filing." This new rule part allows public utilities subject to the provisions of this Part to elect to submit a tariff and all associated documents for filing in an electronic format instead of in hard copy.
- 17-0049**      **Commonwealth Edison Company**
- Revenue-Neutral Tariff Changes related to Rate Design.**
- On July 26, 2017, the Commission entered an Order considering any proposed revenue-neutral tariff changes to the allocation of delivery service costs among Commonwealth Edison Company's ("ComEd") rate classes and possible changes to the rate design formula of Rate DSPP – Delivery Service Pricing and Performance in accordance with the provisions of subsection 16-108.5(e) of the Public Utilities Act, 220 ILCS 5/16-108.5(e). The Commission made changes to ComEd's base embedded cost of service study, which provides cost information that is functionalized, classified and allocated to its customers. The Commission directed ComEd to make a compliance filing consistent with the conclusions set forth in the Order and ordered ComEd to update its Transmission Loss Study. Updated results to the Transmission Loss Study shall be provided in ComEd's 2018 formula rate update proceeding.
- The Commission granted rehearing on the sole issue of weather normalization, and a final Order on Rehearing was issued on December 20, 2017.
- 17-0196**      **Commonwealth Edison Company**
- Annual Formula Rate Update and Revenue Requirement Reconciliation under Section 16-108.5 of the Public Utilities Act.**
- On December 6, 2017, the Commission entered an Order establishing updated delivery service charges for Commonwealth Edison Company's ("ComEd") customers. The Commission determined ComEd's 2018 Rate Year Net Revenue Requirement and the original costs of electric plant in service as of December 31, 2016. The Commission approved annual tariffed operating revenues of \$2,720,884,000. Updated charges are applicable to delivery services provided by ComEd beginning in January 2018.
- 17-0197**      **Ameren Illinois Company d/b/a Ameren Illinois**
- Rate MAP-P Modernization Action Plan - Pricing Annual Update Filing.**
- On December 6, 2017, the Commission entered an Order pursuant to Section 16-108.5(d) of the Public Utilities Act, approving the sixth update of Ameren Illinois Company d/b/a Ameren Illinois' ("Ameren") rates pursuant to its Modernization Action Plan-Pricing tariff. The Commission determined Ameren's 2018 Rate Year Net Revenue Requirement and the original costs of Ameren's electric plant in service as of December 31, 2016. These updates are applicable to delivery services provided by Ameren beginning in January 2018. The



Commission approved annual tariffed revenues of \$998,448,000, which represents a decrease of \$17,339,000 (1.71%) from the previously approved revenue requirement.

**17-0267**

**Illinois Commerce Commission On Its Own Motion**

**Amendment of 83 Ill. Adm. Code 455.**

On October 24, 2017, the Commission entered a Final Order in this proceeding adopting the proposed amendments to Code Part 455, Renewable Portfolio Standard and Clean Coal Standard for Alternative Retail Electric Suppliers and Utilities Operating Outside Their Service Areas. These amendments were necessitated by the passage of Public Act 99-0906, which amended Section 16-115D of the Public Utilities Act. 220 ILCS 5/16-115D.

**17-0268**

**Illinois Commerce Commission On Its Own Motion**

**New Utility-Scale Solar Installers Rulemaking.**

On October 24, 2017, the Commission adopted new Part 461 of the Illinois Administrative Code, creating rules for utility-scale solar power installers. The new Part 461 adopted by the Commission establishes a process for the certification of persons or entities installing new utility-scale solar projects, as well as defining the various terms set forth in the statute. The new Part 461 also establishes the reporting requirements for entities certified under this Section, the guidelines for Commission oversight and recertification, and establishing an application fee and penalties for late-filing of annual reports.

**17-0287**

**Commonwealth Edison Company**

**Petition for Approval of Energy Efficiency Formula Rate Tariff and Charges authorized by Section 8-103B of the Public Utilities Act.**

On August 15, 2017, the Commission entered an Order approving Commonwealth Edison Company's ("ComEd") proposed energy efficiency formula rate tariff, Rider EEPP – Energy Efficiency Pricing and Performance, and the energy efficiency cost inputs and other data necessary to populate Rider EEPP's formula. The Commission also found that ComEd's proposal to reflect the first energy efficiency adjustments as a credit on retail customers' bills beginning with the October 2017 billing period is consistent with Section 8-103B.

**17-0288**

**Ameren Illinois Company d/b/a Ameren Illinois**

**Petition for Approval of Rider EE- Energy Efficiency & Demand Response Investment pursuant to 220 ILCS 5/8-103B(k).**

On August 15, 2017, the Commission entered an Order approving Ameren Illinois' Rider EE- Electric Energy Efficiency and Demand Response Investment ("Rider EE") formula rate, pursuant to Section 8-103B of Public Act 99-0906. Rider EE sets forth a formula for calculating an EE revenue requirement that is then used to set the EE charges for all customers who are not exempt. The Rider EE charges will be calculated on a cents per kWh basis by delivery service class. Rider EE costs will be allocated to delivery service rates in proportion to how the Company spends its EE dollars on its delivery service customers.

**17-0311**

**Ameren Illinois Company d/b/a Ameren Illinois**

**Approval of the Energy Efficiency & Demand-Response Plan pursuant to 220 ILCS 5/8-103B and 5/8-104.**

On September 11, 2017, the Commission entered an Order approving Ameren Illinois Company d/b/a Ameren Illinois' Electric Energy Efficiency and Demand-Response Plan pursuant to Sections 8-103B and 8-104 of Public Act 99-0906.

17-0312

**Commonwealth Edison Company**

**Approval of the Energy Efficiency and Demand Response Plan and Update to the Energy Efficiency Formula Rate Cost Inputs Pursuant to Section 8-103B of the Public Utilities Act.**

On September 11, 2017, the Commission entered an Order pursuant to Section 8-103B of the Public Utilities Act ("Act") adopting Commonwealth Edison Company's ("ComEd") 2018-2021 Energy Efficiency and Demand Response Plan. The Commission also approved the Settlement Stipulation entered by most of the parties (subject to ComEd's February 2018 compliance filing) as well as ComEd's 2018 Energy Efficiency Formula Rate update. The Commission found that ComEd's proposed energy efficiency revenue requirement for Calendar Year 2018, which is \$11,912,000, is just and reasonable.

17-0332

**Commonwealth Edison Company**

**Verified Petition for Approval of Workforce Development Implementation Plan Pursuant to Section 16-108.12 of the Public Utilities Act.**

This matter concerns a filing made by Commonwealth Edison Company ("ComEd") on July 31, 2017 pursuant to Section 16-108.12 of the Public Utilities Act ("Act" or "PUA"), 220 ILCS 5/16-108.12, requesting that the Commission issue an order approving ComEd's Workforce Development Implementation Plan ("Plan"). Section 16-108.12 of the PUA provides that "[a]n electric utility that serves more than 3,000,000 customers in the State shall spend \$10,000,000 per year in 2017, 2021 and 2025 to fund the programs described in this Section," which include: (i) a solar pipeline initiative; (ii) an energy industry craft apprenticeship track; and (iii) a multi-cultural job training program. See 220 ILCS 5 16-108.12(a)(1)-(3). On September 27, 2017, the Commission entered an Order finding that ComEd's Plan is consistent with Section 16-108.12 of the PUA. In regards to the tracking and reporting mechanisms described in Section VII of the Plan, the Order also finds that the mechanisms are consistent with the statutory directives contained within Section 16-108.12. The Order directs ComEd to submit informational reports to the Chief Clerk of the Commission detailing the progress of the programs described in its Plan by July 1<sup>st</sup> of each year from 2019 until 2029.

17-0333

**Illinois Power Company**

**Petition for Approval of the IPA's Zero Emission Standard Procurement Plan pursuant to Section 1-75(d-5)(1)(C).**

This matter concerns a filing made on July 31, 2017, by the Illinois Power Agency for consideration and approval of its proposed plan for the procurement of zero emission credits for Ameren Illinois Company d/b/a Ameren Illinois, Commonwealth Edison Company, and MidAmerican Energy Company under the new provisions of Section 1-75(d-5) of the Illinois Power Agency Act (20 ILCS 3855/1-5 et seq.) enacted through Public Act 99-0906. On September 11, 2017, the Commission entered a Final Order in this proceeding which approved the IPA's proposed plan, with modifications.

17-0392

**Illinois Power Agency**

**Petition for Approval of the 2018 IPA Procurement Plan pursuant to Section 16-111.5(d)(4) of the Public Utilities Act.**

This docket concerns a filing made by the Illinois Power Agency ("IPA") on September 25, 2017, concerning its 2018 Power Procurement Plan ("2018 Plan"). Among other things, the purpose of the 2018 Plan is to secure electricity commodity and associated transmission services to meet the needs of eligible retail customers in the service areas of Commonwealth Edison Company, Ameren Illinois Company d/b/a Ameren Illinois, and MidAmerican Energy Company. The Commission entered an Order approving the 2018 Plan on December 20, 2017.

## Gas

### **15-0186 Illinois Commerce Commission On Its Own Motion**

#### **Investigation into Anonymous Letter Alleging Misconduct and Improprieties Related to The Peoples Gas Light and Coke Company's Accelerated Main Replacement Program.**

On May 3, 2017, the Commission entered an Order finding that the Joint Stipulation entered into between the parties resolved all contested issues in this proceeding in a manner that was fair, just and reasonable. The Order also found that the Joint Stipulation required Peoples Gas to take steps to prevent the future occurrence of instances like those alleged in the anonymous letters. Finally, the Order found that the Joint Stipulation will reduce the potential for conflicts of interest, enhance system safety, and require a reporting program that allows the Commission to monitor Peoples Gas' efforts in this regard.

### **16-0038 Ameren Illinois Company d/b/a Ameren Illinois**

#### **Petition for Certificate of Public Convenience and Necessity for Creal Springs.**

On February 23, 2017, the Commission entered an Order granting Ameren Illinois Company a certificate of public convenience and necessity pursuant Section 8-406 of the Public Utilities Act to provide natural gas service to the City of Creal Springs, Illinois.

### **16-0401 Liberty Utilities (Midstates) Natural Gas**

#### **Proposed General Increase in Gas Rates.**

On May 24, 2017, the Commission entered an Order approving an increase in the natural gas delivery rates for Liberty Utilities. Liberty Utilities is a public utility that provides natural gas to approximately 22,000 customers in Illinois. In its Order, the Commission approved an annual revenue requirement for Liberty Utilities of \$14,523,148 which represents an increase of \$2,183,628, or 17.70% from Liberty Utilities previously approved revenue requirement.

### **17-0310 Northern Illinois Gas Company d/b/a Nicor Gas**

#### **Application pursuant to Section 8-104 of the Public Utilities Act for Consent to and Approval of an Energy Efficiency Plan.**

On September 11, 2017, the Commission approved Northern Illinois Gas Company d/b/a Nicor Gas' four year proposed energy efficiency plan for January 1, 2018 through December 31, 2021. Among other issues resolved in this proceeding, the Order provides for a significantly increased Income Qualified budget, separate from the regular Residential program portfolio, amounting to \$8.075 million per year (excluding any allocated portfolio level costs), over the 2018-2021 plan period, which represents more than a threefold increase over previous annual low-income spend in Nicor Gas' service territory. The Order also provides that Nicor Gas' dedicated low-income sector programs, including comprehensive weatherization measures, will primarily be jointly delivered with Commonwealth Edison Company ("ComEd"). The \$8.075 million annual amount includes spending for customers living in Public Housing Authority buildings.

## Water & Sewer

### **16-0093 Illinois-American Water Company**

#### **Proposed Rate Increases for Water and Sewer Service (On Rehearing).**

On June 7, 2017, the Commission entered an Order on Rehearing approving the uncontested adjustments to the proposed rates and revenue allocation that the Illinois Industrial Water Consumers and the Federal Executive Agencies believe better reflect the revenue allocation adopted by the Commission in its Final Order.

16-0341

**Illinois American Water Company**

**Petition for Certificate of Public Convenience and Necessity Provide Water Service to Areas in Champaign County, Illinois, and for the Approval of the Purchase of Certain Assets of the Village of Sadorus Water System, in Accordance with Section 8-406 of the Illinois Public Utilities Act.**

On February 21, 2017, the Commission entered an Order granting Illinois American Water Company a Certificate of Public Convenience and Necessity to provide water service to the Village of Sadorus and certain areas of Champaign County, Illinois. The Commission approved an Asset Purchase Agreement or the purchase of water system assets and the use of the procedures set forth under Section 9-210.5, the Systems Viability Act, to establish the ratemaking rate base.

16-0581

**Illinois- American Water Company**

**Petition for the Issuance of a Certificate of Public Convenience and Necessity to Provide Water Service to Areas in Madison County, Illinois, and for the Approval of the Purchase of Certain Assets of the Forest Homes-Maple Park Public Water District, in Accordance with Section 8-406 of the Illinois Public Utilities Act.**

On June 7, 2017, the Commission entered an Order granting Illinois American Water Company a Certificate of Public Convenience and Necessity to provide water service to certain areas of Madison County, Illinois. The Commission approved of the purchase of the District Water System assets, using the procedures set forth under Section 9-210.5, the Systems Viability Act, to establish the ratemaking rate base of the District.

17-0114

**Illinois-American Water Company**

**Application for the Issuance of a Certificate of Public Convenience and Necessity to Provide Wastewater Service to Areas in Jersey County, Illinois, and for the Approval of the Purchase of Certain Assets of the Piasa Township Sanitary District, in Accordance with Section 8-406 of the Illinois Public Utilities Act.**

On August 25, 2017, the Commission approved Illinois-American Water Company's ("IAWC") application for a Certificate of Public Convenience and Necessity and Approval of Asset Purchase Agreement of Certain Assets of the Piasa Township Sanitary District ("Piasa"). The Commission also granted IAWC a certificate of public convenience and necessity to provide wastewater service to certain areas of Jersey County, Illinois. The Commission found that the proposed acquisition is necessary to provide adequate, reliable, efficient and safe wastewater service to customers in Piasa, as Piasa had indicated that it no longer had the interest to provide water service, while IAWC had demonstrated a willingness to provide that service.

**Telecommunications**

16-0308

**Illinois Commerce Commission      On its Own Motion**

**Amendment of 83 Illinois Administrative Code Part 730.**

On April 7, 2017, the Commission amended 83 Ill. Adm. Code 730, Standards of Service for Local Exchange Telecommunications Carriers, to align the network outage reporting requirements of Part 730 with federal requirements. The amendments reduce the burden of compliance and will allow carriers to report outages to the Commission by e-mail.

16-0309

**Illinois Commerce Commission      On its Own Motion**

**Amendment of 83 Illinois Administrative Code Part 731.**

On April 7, 2017, the Commission amended 83 Ill. Adm. Code 731, Wholesale Service Quality for Telecommunications Carriers. The amendments eliminate duplicative and unnecessary notifications.

**16-0310**

**Illinois Commerce Commission      On its Own Motion**

**Amendment of 83 Illinois Administrative Code Part 736.**

On April 7, 2017, the Commission amended 83 Ill. Adm. Code 736, Service Quality Requirements Applicable to Wireless Eligible Telecommunications Carriers. The amendment adopts the current version of the service quality and consumer protection provisions of the Wireless Association® (CTIA) Consumer Code for Wireless Service.

**17-0098**

**Illinois Commerce Commission On its Own Motion**

**Amendment of 83 Illinois Administrative Code Part 340.**

On December 13, 2017, the Commission amended 83 Ill. Adm. Code 340, Money Pool Agreements by removing Electing Providers, i.e., telecommunications carriers that have chosen to have the rates, terms and conditions of their competitive retail telecommunications services determined by market regulation, from the quarterly reporting obligations imposed by Section 340.60. Electing Providers' retail services are not subject to rate regulation that requires the information reported.

#### **Miscellaneous**

**17-0424**

**Applications for Certification to Install Energy Efficiency Measures  
et al under Section 16-128B of the Public Utilities Act.**

During the time period November 21 through December 31, 2017, the Commission entered Orders granting Certifications to install Energy Efficiency Measures under Section 16-128B of the Public Utilities Act to hundreds of installers in the service territories of Commonwealth Edison Company and Ameren Illinois Company d/b/a Ameren Illinois.

# Appendix B

## Emission Allowance Reports

# MidAmerican Energy Company

## ALLOWANCE REPORTING FORM

Reporting Period

October 1, 2016

To

December 31, 2016

Line No.	Compliance Use Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E) <sup>(1)</sup>	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
1	2016	143,230	59,139	15,002	7,014	0	0	179,481
2	2017	-----	59,139	-----	0	0	0	59,139
3	2018	-----	59,139	-----	0	0	0	59,139
4	2019	-----	59,139	-----	0	0	0	59,139
5	2020	-----	59,139	-----	0	0	0	59,139
6	2021	-----	59,139	-----	0	0	0	59,139
7	2022	-----	59,139	-----	0	0	0	59,139
8	2023	-----	59,139	-----	0	0	0	59,139
9	2024	-----	59,139	-----	0	0	0	59,139
10	2025	-----	59,139	-----	0	0	0	59,139
11	2026	-----	59,139	-----	0	0	0	59,139
12	2027	-----	59,139	-----	0	0	0	59,139
13	2028	-----	59,139	-----	0	0	0	59,139

Line No.	Compliance Use Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
14	2029	-----	59,139	-----	0	0	0	59,139
15	2030	-----	59,139	-----	0	0	0	59,139
16	2031	-----	59,139	-----	0	0	0	59,139
17	2032	-----	59,139	-----	0	0	0	59,139
18	2033	-----	59,139	-----	0	0	0	59,139
19	2034	-----	59,139	-----	0	0	0	59,139
20	2035	-----	59,139	-----	0	0	0	59,139
21	2036	-----	59,139	-----	0	0	0	59,139
22	2037	-----	59,139	-----	0	0	0	59,139
23	2038	-----	59,139	-----	0	0	0	59,139
24	2039	-----	59,139	-----	0	0	0	59,139
25	2040	-----	59,139	-----	0	0	0	59,139
26	2041	-----	59,139	-----	0	0	0	59,139
27	2042	-----	59,139	-----	0	0	0	59,139
28	2043	-----	59,139	-----	0	0	0	59,139
29	2044	-----	59,139	-----	0	0	0	59,139
30	2045	-----	59,139	-----	0	0	0	59,139
31	2046	-----	59,139	-----	0	0	0	59,139

1) MidAmerican Energy Company is a part owner of the Ottumwa Generating Station. The Ottumwa Generating Station was required to surrender allowances for the 2015 reporting period as part of a consent decree entered into by the operator, Interstate Power and Light, MidAmerican Energy Company's allocation of the consent decree surrender amount was 7,007 allowances.

*MidAmerican Energy Company*



# MidAmerican Energy Company

## ALLOWANCE REPORTING FORM

Reporting Period

January 1, 2017

To

March 31, 2017

Line No.	Compliance Use Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
1	2017	179,485	59,139	4,161	0	0	0	234,463
2	2018	-----	59,139	-----	0	0	0	59,139
3	2019	-----	59,139	-----	0	0	0	59,139
4	2020	-----	59,139	-----	0	0	0	59,139
5	2021	-----	59,139	-----	0	0	0	59,139
6	2022	-----	59,139	-----	0	0	0	59,139
7	2023	-----	59,139	-----	0	0	0	59,139
8	2024	-----	59,139	-----	0	0	0	59,139
9	2025	-----	59,139	-----	0	0	0	59,139
10	2026	-----	59,139	-----	0	0	0	59,139
11	2027	-----	59,139	-----	0	0	0	59,139
12	2028	-----	59,139	-----	0	0	0	59,139
13	2029	-----	59,139	-----	0	0	0	59,139

Line No.	Compliance Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
14	2030	---	59,139	-----	0	0	0	59,139
15	2031	-----	59,139	-----	0	0	0	59,139
16	2032	---	59,139	-----	0	0	0	59,139
17	2033	-----	59,139	-----	0	0	0	59,139
18	2034	-----	59,139	-----	0	0	0	59,139
19	2035	-----	59,139	-----	0	0	0	59,139
20	2036	-----	59,139	-----	0	0	0	59,139
21	2037	-----	59,139	-----	0	0	0	59,139
22	2038	-----	59,139	-----	0	0	0	59,139
23	2039	-----	59,139	-----	0	0	0	59,139
24	2040	-----	59,139	-----	0	0	0	59,139
25	2041	-----	59,139	-----	0	0	0	59,139
26	2042	-----	59,139	-----	0	0	0	59,139
27	2043	-----	59,139	-----	0	0	0	59,139
28	2044	-----	59,139	-----	0	0	0	59,139
29	2045	-----	59,139	-----	0	0	0	59,139
30	2046	-----	59,139	-----	0	0	0	59,139
31	2046	-----	59,139	-----	0	0	0	59,139

Mid American Energy Company

# Mid-American Energy Company

## ALLOWANCE REPORTING FORM

Reporting Period

January 1, 2017

To

June 30, 2017

Line No.	Compliance Use Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E) (1)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
1	2017	179,485	59,139	8,992	9,194	0	0	220,438
2	2018	-----	59,139	-----	0	0	0	59,139
3	2019	-----	59,139	-----	0	0	0	59,139
4	2020	-----	59,139	-----	0	0	0	59,139
5	2021	-----	59,139	-----	0	0	0	59,139
6	2022	-----	59,139	-----	0	0	0	59,139
7	2023	-----	59,139	-----	0	0	0	59,139
8	2024	-----	59,139	-----	0	0	0	59,139
9	2025	-----	59,139	-----	0	0	0	59,139
10	2026	-----	59,139	-----	0	0	0	59,139
11	2027	-----	59,139	-----	0	0	0	59,139
12	2028	-----	59,139	-----	0	0	0	59,139
13	2029	-----	59,139	-----	0	0	0	59,139

Line No.	Compliance Case Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
14	2030	-----	59,139	-----	0	0	0	59,139
15	2031	-----	59,139	-----	0	0	0	59,139
16	2032	-----	59,139	-----	0	0	0	59,139
17	2033	-----	59,139	-----	0	0	0	59,139
18	2034	-----	59,139	-----	0	0	0	59,139
19	2035	-----	59,139	-----	0	0	0	59,139
20	2036	-----	59,139	-----	0	0	0	59,139
21	2037	-----	59,139	-----	0	0	0	59,139
22	2038	-----	59,139	-----	0	0	0	59,139
23	2039	-----	59,139	-----	0	0	0	59,139
24	2040	-----	59,139	-----	0	0	0	59,139
25	2041	-----	59,139	-----	0	0	0	59,139
26	2042	-----	59,139	-----	0	0	0	59,139
27	2043	-----	59,139	-----	0	0	0	59,139
28	2044	-----	59,139	-----	0	0	0	59,139
29	2045	-----	59,139	-----	0	0	0	59,139
30	2046	-----	59,139	-----	0	0	0	59,139

(1) MidAmerican Energy Company is a part owner of the Ottumwa Generating Station. The Ottumwa Generating Station was required to surrender allowances for the 2016 reporting period as part of a consent decree entered into by the operator, Intertek Power and Light. MidAmerican Energy Company's allocation of the consent decree surrender amount was 0,104 allowances.

MidAmerican Energy Company

*MidAmerican Energy Company*  
**ALLOWANCE REPORTING FORM**

Reporting Period

January 1, 2017

To

September 30, 2017

Line No.	Compliance Use Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E) (1)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
1	2017	179,485	59,139	14,061	9,194	0	0	215,369
2	2018	-----	59,139	-----	0	0	0	59,139
3	2019	-----	59,139	-----	0	0	0	59,139
4	2020	-----	59,139	-----	0	0	0	59,139
5	2021	-----	59,139	-----	0	0	0	59,139
6	2022	-----	59,139	-----	0	0	0	59,139
7	2023	-----	59,139	-----	0	0	0	59,139
8	2024	-----	59,139	-----	0	0	0	59,139
9	2025	-----	59,139	-----	0	0	0	59,139
10	2026	-----	59,139	-----	0	0	0	59,139
11	2027	-----	59,139	-----	0	0	0	59,139
12	2028	-----	59,139	-----	0	0	0	59,139
13	2029	-----	59,139	-----	0	0	0	59,139

Line No.	Compliance Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
14	2030	-----	59,139	-----	0	0	0	59,139
15	2031	-----	59,139	-----	0	0	0	59,139
16	2032	-----	59,139	-----	0	0	0	59,139
17	2033	-----	59,139	-----	0	0	0	59,139
18	2034	-----	59,139	-----	0	0	0	59,139
19	2035	-----	59,139	-----	0	0	0	59,139
20	2036	-----	59,139	-----	0	0	0	59,139
21	2037	-----	59,139	-----	0	0	0	59,139
22	2038	-----	59,139	-----	0	0	0	59,139
23	2039	-----	59,139	-----	0	0	0	59,139
24	2040	-----	59,139	-----	0	0	0	59,139
25	2041	-----	59,139	-----	0	0	0	59,139
26	2042	-----	59,139	-----	0	0	0	59,139
27	2043	-----	59,139	-----	0	0	0	59,139
28	2044	-----	59,139	-----	0	0	0	59,139
29	2045	-----	59,139	-----	0	0	0	59,139
30	2046	-----	59,139	-----	0	0	0	59,139
31	2047	-----	59,139	-----	0	0	0	59,139

(1) MidAmerican Energy Company is a part owner of the Ottumwa Generating Station. The Ottumwa Generating Station was required to surrender allowances for the 2010 reporting period as part of a consent decree entered into by the operator, Interstate Power and Light. MidAmerican Energy Company's allocation of the consent decree surrender amount was 0,194 allowances.

MidAmerican Energy Company

# Cordova Energy Company

## ALLOWANCE REPORTING FORM

Reporting Period

October 1, 2016 to December 31, 2016

Line No.	Compliance Use Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
1	2009	0	0	0	0	0	0	0
2	2001	0	0	1	0	20	0	19
3	2002	19	0	2	0	0	0	17
4	2003	17	0	0	0	0	0	17
5	2004	17	0	1	0	0	0	16
6	2005	16	0	2	0	0	0	14
7	2006	14	0	0	0	0	0	14
8	2007	14	0	2	0	0	0	12
9	2008	12	0	0	0	0	0	12
10	2009	12	0	0	0	0	0	12
11	2010	12	0	0	0	0	0	12
12	2011	12	0	0	0	0	0	12
13	2012	12	0	0	0	0	0	12
14	2013	12	0	0	0	0	0	12
15	2014	12	0	0	0	0	0	12
16	2015	12	0	0	0	0	0	12
17	2016	12	0	0	0	0	0	12

# Cordova Energy Company

## ALLOWANCE REPORTING FORM

Reporting Period

January 1, 2017 to March 31, 2017

Line No.	Compliance Use Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
1	2000	0	0	0	0	0	0	0
2	2001	0	0	1	0	20	0	19
3	2002	19	0	2	0	0	0	17
4	2003	17	0	0	0	0	0	17
5	2004	17	0	1	0	0	0	16
6	2005	16	0	2	0	0	0	14
7	2006	14	0	0	0	0	0	14
8	2007	14	0	2	0	0	0	12
9	2008	12	0	0	0	0	0	12
10	2009	12	0	0	0	0	0	12
11	2010	12	0	0	0	0	0	12
12	2011	12	0	0	0	0	0	12
13	2012	12	0	0	0	0	0	12
14	2013	12	0	0	0	0	0	12
15	2014	12	0	0	0	0	0	12
16	2015	12	0	0	0	0	0	12
17	2016	12	0	0	0	0	0	12
18	2017	12	0	0	0	0	0	12



# Cordova Energy Company

## ALLOWANCE REPORTING FORM

Reporting Period

April 1, 2017 to June 30, 2017

Line No.	Compliance Use Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
1	2000	0	0	0	0	0	0	0
2	2001	0	0	1	0	20	0	19
3	2002	19	0	2	0	0	0	17
4	2003	17	0	0	0	0	0	17
5	2004	17	0	1	0	0	0	16
6	2005	16	0	2	0	0	0	14
7	2006	14	0	0	0	0	0	14
8	2007	14	0	2	0	0	0	12
9	2008	12	0	0	0	0	0	12
10	2009	12	0	0	0	0	0	12
11	2010	12	0	0	0	0	0	12
12	2011	12	0	0	0	0	0	12
13	2012	12	0	0	0	0	0	12
14	2013	12	0	0	0	0	0	12
15	2014	12	0	0	0	0	0	12
16	2015	12	0	0	0	0	0	12
17	2016	12	0	0	0	0	0	12
18	2017	12	0	0	0	0	0	12

# Cordova Energy Company

## ALLOWANCE REPORTING FORM

Reporting Period

July 1, 2017 to September 30, 2017

Line No.	Compliance Use Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
1	2000	0	0	0	0	0	0	0
2	2001	0	0	1	0	20	0	19
3	2002	19	0	2	0	0	0	17
4	2003	17	0	0	0	0	0	17
5	2004	17	0	1	0	0	0	16
6	2005	16	0	2	0	0	0	14
7	2006	14	0	0	0	0	0	14
8	2007	14	0	2	0	0	0	12
9	2008	12	0	0	0	0	0	12
10	2009	12	0	0	0	0	0	12
11	2010	12	0	0	0	0	0	12
12	2011	12	0	0	0	0	0	12
13	2012	12	0	0	0	0	0	12
14	2013	12	0	0	0	0	0	12
15	2014	12	0	0	0	0	0	12
16	2015	12	0	0	0	0	0	12
17	2016	12	0	0	0	0	0	12
18	2017	12	0	0	0	0	0	12

# ALLOWANCE REPORTING FORM

AmerenEnergy Medina Valley Cogen, LLC

Reporting Period

October 1, 2016

to

December 30, 2016

Line No.	Compliance Use Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
1	2016	48,352	11,974	-	-	0	0	60,326
2	2017	-	11,974	-	-	0	0	11,974
3	2018	-	11,974	-	-	0	0	11,974
4	2019	-	11,974	-	-	0	0	11,974
5	2020	-	11,974	-	-	0	(652)	11,322
6	2021	-	11,974	-	-	0	0	11,974
7	2022	-	11,974	-	-	0	0	11,974
8	2023	-	11,974	-	-	0	0	11,974
9	2024	-	11,974	-	-	0	0	11,974
10	2025	-	11,974	-	-	0	0	11,974
11	2026	-	11,974	-	-	0	0	11,974
12	2027	-	11,974	-	-	0	0	11,974
13	2028	-	11,974	-	-	0	0	11,974

Line No.	Compliance Use Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
14	2029	-	11,974	-	-	0	0	11,974
15	2030	-	11,974	-	-	0	0	11,974
16	2031	-	11,974	-	-	0	0	11,974
17	2032	-	11,974	-	-	0	0	11,974
18	2033	-	11,974	-	-	0	0	11,974
19	2034	-	11,974	-	-	0	0	11,974
20	2035	-	11,974	-	-	0	0	11,974
21	2036	-	11,974	-	-	0	0	11,974
22	2037	-	11,974	-	-	0	0	11,974
23	2038	-	11,974	-	-	0	0	11,974
24	2039	-	11,974	-	-	0	0	11,974
25	2040	-	11,974	-	-	0	0	11,974
26	2041	-	11,974	-	-	0	0	11,974
27	2042	-	11,974	-	-	0	0	11,974
28	2043	-	11,974	-	-	0	0	11,974
29	2044	-	11,974	-	-	0	0	11,974
30	2045	-	11,974	-	-	0	0	11,974
31	2046	-	11,974	-	-	0	0	11,974

Note: AmerenEnergy Meriana Valley Cogen, LLC owns the following Acid Rain units: Hutsonville, Meredisia and R S Wallace

# ALLOWANCE REPORTING FORM

AmerenEnergy Median Valley Cogen, LLC

Reporting Period

January 1, 2017

to

March 31, 2017

Line No.	Compliance Use Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
1	2017	60,326	11,974	-	-	0	0	72,300
2	2018	-	11,974	-	-	0	0	11,974
3	2019	-	11,974	-	-	0	0	11,974
4	2020	-	11,974	-	-	0	(652)	11,322
5	2021	-	11,974	-	-	0	0	11,974
6	2022	-	11,974	-	-	0	0	11,974
7	2023	-	11,974	-	-	0	0	11,974
8	2024	-	11,974	-	-	0	0	11,974
9	2025	-	11,974	-	-	0	0	11,974
10	2026	-	11,974	-	-	0	0	11,974
11	2027	-	11,974	-	-	0	0	11,974
12	2028	-	11,974	-	-	0	0	11,974
13	2029	-	11,974	-	-	0	0	11,974

Line No.	Compliance Use Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
14	2030	-	11,974	-	-	0	0	11,974
15	2031	-	11,974	-	-	0	0	11,974
16	2032	-	11,974	-	-	0	0	11,974
17	2033	-	11,974	-	-	0	0	11,974
18	2034	-	11,974	-	-	0	0	11,974
19	2035	-	11,974	-	-	0	0	11,974
20	2036	-	11,974	-	-	0	0	11,974
21	2037	-	11,974	-	-	0	0	11,974
22	2038	-	11,974	-	-	0	0	11,974
23	2039	-	11,974	-	-	0	0	11,974
24	2040	-	11,974	-	-	0	0	11,974
25	2041	-	11,974	-	-	0	0	11,974
26	2042	-	11,974	-	-	0	0	11,974
27	2043	-	11,974	-	-	0	0	11,974
28	2044	-	11,974	-	-	0	0	11,974
29	2045	-	11,974	-	-	0	0	11,974
30	2046	-	11,974	-	-	0	0	11,974
31	2047	-	-	-	-	0	0	0

Note: AmerenEnergy Medina Valley Cogen, LLC owns the following Acid Rain units: Hutsonville, Mercedosa and R S Wallace.

# ALLOWANCE REPORTING FORM

AmerenEnergy Medina Valley Cogen, LLC

Reporting Period

April 1, 2017

to

June 30, 2017

Line No.	Compliance Use Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
1	2017	60,326	11,974	-	-	0	0	72,300
2	2018	-	11,974	-	-	0	0	11,974
3	2019	-	11,974	-	-	0	0	11,974
4	2020	-	11,974	-	-	0	(652)	11,322
5	2021	-	11,974	-	-	0	0	11,974
6	2022	-	11,974	-	-	0	0	11,974
7	2023	-	11,974	-	-	0	0	11,974
8	2024	-	11,974	-	-	0	0	11,974
9	2025	-	11,974	-	-	0	0	11,974
10	2026	-	11,974	-	-	0	0	11,974
11	2027	-	11,974	-	-	0	0	11,974
12	2028	-	11,974	-	-	0	0	11,974
13	2029	-	11,974	-	-	0	0	11,974

Line No.	Compliance Use Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
14	2030	-	11,974	-	-	0	0	11,974
15	2031	-	11,974	-	-	0	0	11,974
16	2032	-	11,974	-	-	0	0	11,974
17	2033	-	11,974	-	-	0	0	11,974
18	2034	-	11,974	-	-	0	0	11,974
19	2035	-	11,974	-	-	0	0	11,974
20	2036	-	11,974	-	-	0	0	11,974
21	2037	-	11,974	-	-	0	0	11,974
22	2038	-	11,974	-	-	0	0	11,974
23	2039	-	11,974	-	-	0	0	11,974
24	2040	-	11,974	-	-	0	0	11,974
25	2041	-	11,974	-	-	0	0	11,974
26	2042	-	11,974	-	-	0	0	11,974
27	2043	-	11,974	-	-	0	0	11,974
28	2044	-	11,974	-	-	0	0	11,974
29	2045	-	11,974	-	-	0	0	11,974
30	2046	-	11,974	-	-	0	0	11,974
31	2047	-	-	-	-	0	0	0

Note: AmerenEnergy Medina Valley Cogen, LLC owns the following Acid Rain units: Hutsonville, Mercedonia and R.S. Wallace



# ALLOWANCE REPORTING FORM

AmerenEnergy Medium Valley Cogen, LLC

Reporting Period

July 1, 2017

to

September 30, 2017

Line No.	Compliance Use Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allowance Adjustments (G)	YTD Allowance Balance (H)
1	2017	60,326	11,974	-	-	0	0	72,300
2	2018	-	11,974	-	-	0	0	11,974
3	2019	-	11,974	-	-	0	0	11,974
4	2020	-	11,974	-	-	0	(652)	11,322
5	2021	-	11,974	-	-	0	0	11,974
6	2022	-	11,974	-	-	0	0	11,974
7	2023	-	11,974	-	-	0	0	11,974
8	2024	-	11,974	-	-	0	0	11,974
9	2025	-	11,974	-	-	0	0	11,974
10	2026	-	11,974	-	-	0	0	11,974
11	2027	-	11,974	-	-	0	0	11,974
12	2028	-	11,974	-	-	0	0	11,974
13	2029	-	11,974	-	-	0	0	11,974

Line No.	Compliance Use Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
14	2030	-	11,974	-	-	0	0	11,974
15	2031	-	11,974	-	-	0	0	11,974
16	2032	-	11,974	-	-	0	0	11,974
17	2033	-	11,974	-	-	0	0	11,974
18	2034	-	11,974	-	-	0	0	11,974
19	2035	-	11,974	-	-	0	0	11,974
20	2036	-	11,974	-	-	0	0	11,974
21	2037	-	11,974	-	-	0	0	11,974
22	2038	-	11,974	-	-	0	0	11,974
23	2039	-	11,974	-	-	0	0	11,974
24	2040	-	11,974	-	-	0	0	11,974
25	2041	-	11,974	-	-	0	0	11,974
26	2042	-	11,974	-	-	0	0	11,974
27	2043	-	11,974	-	-	0	0	11,974
28	2044	-	11,974	-	-	0	0	11,974
29	2045	-	11,974	-	-	0	0	11,974
30	2046	-	11,974	-	-	0	0	11,974
31	2047	-	-	-	-	0	0	0

Note: AmerenEnergy Midco Valley Cogen, LLC owns the following Acid Rain units: Hudsonville, Mecedosm and R 5 Wallace